The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

What America Will Do About Japan's "New Deal" in the Pacific

ARTICLES IN THIS ISSUE

Some Elements in the British Cigarette Strike
Ralph Townsend and the Ways That Are Dark
Facts About the Japanese Loan to the Peiping-Suiyuan Railway
Ariyoshi Returning Armed with New Vigorous Policy, Through Rail Traffic Near Settlement
Chinese Press Reactions to Salvadorean Recognition of "Manchukuo"
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National Finance Conference Pleads Relief for Rural Population
Japanese Home Minister Yamamoto Deprecates Irregularities Committed by Police Officials
1935 Naval Conference to Be Preceded by Preliminary Parleys
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The Shanhaikwan-Peitaiho Conferences in the Present Scheme of Things . . . . . By C. Y. Hsia
How Crushing the Burden of the Chinese Farmers . . . . . By C. Y. W.
"Chinese Sexual Too Much on Marriage and Family" . . . . . By [illegible]

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The China Weekly REVIEW

Formerly Millard's Review

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RALPH TOWNSEND AND THE WAYS THAT ARE DARK

RALPH TOWNSEND, 33 years of age, a former college instructor, reporter and advertising writer came to Shanghai in December, 1931 as a vice-consul attached to the local American Consulate-General. He served here through the Sino-Japanese hostilities early in 1932, following which he was transferred to Foochow in Fukien province. After a few months in Foochow he resigned from the service, having been in China somewhat less than a year. Townsend next turned up as the author of an "anti-Chinese" book entitled "Ways that Are Dark," which generally damned the Chinese people from high officialdom to the lowliest coolie. The book was reviewed in these columns a few weeks ago and it was pointed out at the time that Mr. Townsend's work was merely another of a considerable list of books which have appeared since the Washington Conference in 1921-1922 which condemned the Chinese as an inferior race in comparison with the Japanese or Occidentals. A Chinese might easily write a similar book and by emphasizing the activities of the Capones and Dillingers, the bootleggers, kidnappers and racketeers, prove to his own satisfaction at least that the Americans constituted a degenerate branch of the white race. Townsend's book consisted largely of the type of material which might be gleaned from idle dinner-table and hotel-lobby gossip when foreigners gather for a friendly drink anywhere along the China coast. He made no secret of the fact that his purpose was to emphasize the "dark" elements in China and he succeeded remarkably well—so well in fact that the Japanese Navy and War Offices purchased several thousand copies of his book which were distributed over the world to public officials, newspaper offices and similar places where they might be expected to influence public opinion. Foreign newspaper correspondents and writers who visited the Tokyo War or Navy Offices last January were provided with gratis copies accompanied by a statement that Mr. Townsend had collected the information in the book while a member of the American consular service in China, hence it was authoritative! Naturally the Japanese warlords liked Town-

send's book because it "confirmed" all of the statements which their spokesmen have been making about China and the Chinese people since the Japanese seizure of the Manchurian provinces in 1931.

Now Mr. Townsend turns up again as the author of an article in the June issue of *Contemporary Japan*, a quarterly journal issued by the Foreign Affairs Association of Japan, a organization which, to judge from the advertisements, is largely supported by the Mitsui and Mitsubishi interests which own most of the Island Empire. Writing under the title, "America Watches Sino-Japanese Relations," Mr. Townsend attempts to indicate to his Japanese readers that Japan has little to fear from American animosities resulting from the Manchurian and Shanghai affairs or other Japanese activities in Asia since 1931. The article apparently was written before the recent Japanese "hands-off" declaration as it makes no mention of that document which caused a further flare-up in American animosities, Incidentally, he paid a high compliment to J. O. P. Bland and Rodney Gilbert as "realistic" writers who also have turned out "anti-Chinese" books. Bland for many years was London propagandist for the Shanghai International Settlement, while Gilbert was sub-editor of the *North-China Daily News*, official British organ in China when that Journal experienced daily attacks of mental apoplexy during the course of the Chinese nationalist movement in 1927-1928. But that was incidental to Townsend's assurances to the Japanese that America never would go to war with Japan over the Open Door, China trade or for the salvation of the Chinese people. "Today the Japanese may rest reasonably assured that we shall not undertake seriously to molest them in the event of future difficulties between Japan and China.... Sentiment for China is indeed too weak to involve us with Japan at any time soon, and it is becoming weaker all the time....The spectacle of Americans being anxious about the territorial integrity of China when many Chinese leaders show themselves willing to part with it for a favorable consideration is a little too ludicrous. If Chinese leaders—most of them—show such unconcern, and the masses reveal marked indifference as to who rules over them, we are obliged to ask where are the Chinese patriots desiring our support...." Following this Townsend takes up the commercial element showing that while China only purchases U. S. $56,000,000 annually from the United States, Japan purchases $134,000,000, hence America would not sacrifice her larger Japanese market for the smaller Chinese one. He then suggests that the Japanese really have nothing to worry about on the score of the recent U. S. decision to increase the navy because the main consideration in building up the American navy is to provide employment for the jobless. Not a word about the instinctive feeling that is sweeping America that it must provide protective insurance against the rising Japanese menace exemplified in the wholesale violation of treaties, closing of the Open Door and demand for naval equality! With reference to the complications between Japan and the Soviets, Townsend makes the flat statement that "No well-informed and thoughtful American would prefer a strong Russia to a strong Japan in East Asia," a statement diametrically opposed by a considerable list of American writers long experienced in Oriental affairs.

But Mr. Townsend rather spoils his arguments by advising the Japanese not to go any further "either south or west of Manchukuo.... because such military activity....whatever the circumstances would be renewed cause for alarm in the United States among groups now beginning to reassure themselves that the Japanese contemplate no attack upon us in the near future. America might not be expected to offer material opposition to such a move against China on the part of Japan, but the Big Navy faction in America would certainly gain strength by it, and uneasiness would increase here to the extent of stirring such hostile feeling...."

Thus does Mr. Townsend make himself ridiculous for after telling his Japanese friends they have nothing to fear from American animosities over Japan's past misdeeds, he nevertheless advises them not to embark on any further military adventures otherwise the Americans might lose their patience and do something about it. K. K. Kawakami, for many years Japan's outstanding publicist and apologist in the United States was much more frank and honest about the situation in America in his recent dispatches. He told his Japanese compatriots at home that Japan does have everything to fear because of the rising tide of American feeling, particularly since the recent hands-off declaration. In dispatches from Washington to the *Mainichi* and other papers Mr. Kawakami frankly told his home people that they had blundered, not only now, but had blundered continuously since 1931 and that Japan's friends in America were not only helpless but exasperated at the actions of the Tokyo military clique. Between Townsend and Kawakami, we imagine most thoughtful readers would not hesitate long in making a choice.

SOME ELEMENTS IN THE BRITISH CIGARETTE STRIKE

GENERAL Chiang Kai-shek's action in sending a telegram to the Chinese municipal authorities at Shanghai ordering the workers in the British Cigarette Company's plants to discontinue their strike by May 30 had the effect of giving a political complexion to that capital-labor controversy which it previously did not possess. The reason for this is that Sir Alexander Cadogan, British Minister, visited Gen. Chiang a few days previously and in all probability the strike situation must have been discussed. What effect Gen. Chiang's telegram had could not be determined as these lines were written, but reports through the official Japanese *Rengo* service on Tuesday stated that the Chinese laborers in the company's plants in Manchuria also had struck in sympathy with the Shanghai strikers, thus proving that the rank and file of the Chinese in Manchuria are still Chinese despite three years of effort on the part of the Japanese to dena-

tionalize them. This is the most interesting news to come out of Manchuria in a long time because the British cigarette trust granted "recognition" to Manchukuo several months ago in order to prevent the Japanese from handing Manchuria over to the Imperial Japanese Tobacco Monopoly.

It is not entirely clear as to what is at the bottom of the local strike of the employes of the British Cigarette Company. The Company announced on May 11 that the No. 1 plant in the Pootung section was to be closed permanently, the reason given being insubordination of the laborers. It was stated that the workers had refused to clean the machinery as was customary and since this came as a climax to disputes extending over a considerable period the Company decided to close down permanently. The official report put out by the Company stated that all laborers would be paid their wages and compensated according to law, including payment of the savings fund. According to a statement by the laborers the closure of the plant was not due to insubordination, but allegedly because the Company desired to dismiss highly-paid workers of long standing and avoid paying gratuities to the others. On May 12 the workers walked out of another of the Company's plants, this action apparently being in sympathy with those thrown out of work by the closure of the No. 1 branch. The strike committee on Saturday, May 26 voted to register the 4,000 men now out, in order to prevent disturbances. They also voted to (1) appeal to public bodies for support; (2) to appeal to Gen. Chiang Kai-shek, requesting him to order the British Cigarette Company to reopen the No. 1 plant. The strike committee also expressed resentment at the Company's action in employing White Russian strike breakers in one of the new cigarette factories. The fact that the strike has caused uneasiness in other industries, particularly in the seamen's union, has naturally caused considerable apprehension.

That there are more fundamental issues of a political nature back of the cigarette strike than appear on the surface seems evident. For a considerable period the Chinese native cigarette factories have been pressing the Government for a revision of tax laws which they claim are partial to the British company and highly detrimental to the native factories which allegedly are being forced out of business. The Financial Affairs Committee of the Legislative Yuan is now considering the matter of changing the law, but in the meantime some 45 native cigarette factories in the Shanghai district are pressing the issue, claiming that taxes should be assessed equitably on all factories alike. A further and entirely unexpected element has been injected into the situation as a result of Gen. Chiang Kai-shek's "New Life Movement," which has caused a noticable decline in cigarette consumption in many parts of the country.

But of more vital importance from the standpoint of the British cigarette trust has been the recent movement in interior provinces to establish provincial cigarette factories which enjoy monopolies, thus eliminating the products of the foreign trust entirely. Two or three interior provinces have already established such factories and the movement is said to be spreading, a chief cause being the monopolization of cigarette tax revenues by the Central Government at Nanking.

Whether the present strike will spread and become a serious political issue cannot be determined at this time, but that the whole cigarette situation in China is distinctly unsatisfactory is most obvious. The fundamental trouble is easy to state but difficult to rectify. In the first place the tobacco from which most of China's cigarettes are manufactured is produced in the United States, but instead of shipping this tobacco directly from America to China by the shortest route a considerable portion of it is diverted to England where it is manufactured into cigarettes. This means that a considerable portion of the tobacco has to travel around the world before it gets to the Chinese consumer. Obviously the people who are directly concerned in the cigarette trade are the Americans who grow the tobacco and the Chinese who consume it, but the control of the trade is in the hands of the British cigarette trust which introduces a third or middle-man element which raises the price and complicates the issue. Although the word "American" appears in the title of the Company, there actually is no real American interest in the concern. There are a considerable number of American employes, some in executive positions, but this is due to the fact that the Americans, being tobacco growers, understand the business. But while the American employes practically run the business, they actually have little or nothing to say about policies and when it comes to applying pressure to the Chinese central and provincial authorities, this always is done by the British Minister. Since the British-American Tobacco Company, Ltd., and its manufacturing subsidiary the British Cigarette Company, Ltd., control most of the highly-profitable cigarette trade in China they naturally are in a position to exert potent political influence because of the tax-revenue club which they hold over the government due to the fact that a stoppage of factories with consequent stoppage of revenues from taxes immediately produces financial complications in governmental circles. That there is something radically wrong in the cigarette industry is proved by the fact that while it is the most profitable business in China from the standpoint of dividends paid to stockholders and salaries paid to executives, it nevertheless has more trouble with its laborers than any other industry. Chen Kung-po, Minister of Industries has frequently advocated the establishment of a government monopoly similar to that in Japan. This would effectively eliminate the middle-man element, the chief cause of the complications, but as usually occurs with official tobacco monopolies it probably would result in the public's being provided with a poor product as is the case in Japan and other countries where official monopolies are in existence. Another way of solving the trouble would be for the Chinese who consume the tobacco and the Americans who produce it, to get together and work out some effective scheme for eliminating the unproductive middleman who takes such a large cut out of the business. That

the American employés of the B.A.T. and B.C.C. would be sympathetic to such a proposal goes without saying as their position never has been a desirable one.

How America Will Answer Japan's "New Deal" in the Pacific

THE United States Government seems to be gradually getting down to "brass-tacks" in in its consideration of plans for meeting the Japanese menace in the Pacific. The widely circulated commercial organ, *Business Week* printed a paragraph among its Washington bulletins quoting President Roosevelt's announcement that money will be provided out of the 1½ billion recovery measure in order to start work on new warcraft recently authorized by Congress. The White House statement was regarded as "highly significant in view of the seriousness with which it is well known the Administration regards the Far Eastern situation." The news item also was significantly headed, "Jap Papers, Please Copy."

JAPAN'S IDEA OF A NEW DEAL
JAPANESE FACTORIES - GUARANTEED TO UNDERSELL ALL COMPETITORS
JAPANESE NAVY SECOND TO NONE
JAPANESE MONROE DOCTRINE FOR ASIA
- OPEN DOOR - OPEN ON TUESDAYS - DAYLIGHT SAVING TIME
AH, GENTLEMEN, WHILE YOU HAVE BEEN SO BUSY WITH YOUR TROUBLES AT HOME, I HAVE RE-DECORATED THE CLUB, ADOPTED A NEW SET OF RULES FOR THE GAME AND NOW AND HEREAFTER WILL VERY KINDLY DEAL THE CARDS
ITALY
USA
FR.
BRITAIN
OPEN DOOR POLICY
JAPANESE COMPETITION
JAPAN
CHINA
SAKE
THE FAR EASTERN GAME
KEY TO THE OPEN DOOR
McCUTCHEON

Japan's New Deal in Asia—Canton by McCutcheon in the Chicago Tribune.

While there is strong sentiment among the American people against a war in the Pacific, a sentiment exemplified by comment in the religious papers that China is not worth fighting for from a trade standpoint, it is nevertheless a fact that a war, or even a strong war-scare, in the Pacific would do wonders in speeding up the American economic recovery movement. Also, it would immediately give the Administration the legal machinery which it requires for putting its recovery program into efficient operation. Whenever the newspapers refer to the warship construction program they usually avow that the main consideration is to provide employment for thousands of men now out of work but this subterfuge is getting more and more transparent and the real objective is being brought out in the open—THE MENACE OF JAPAN;

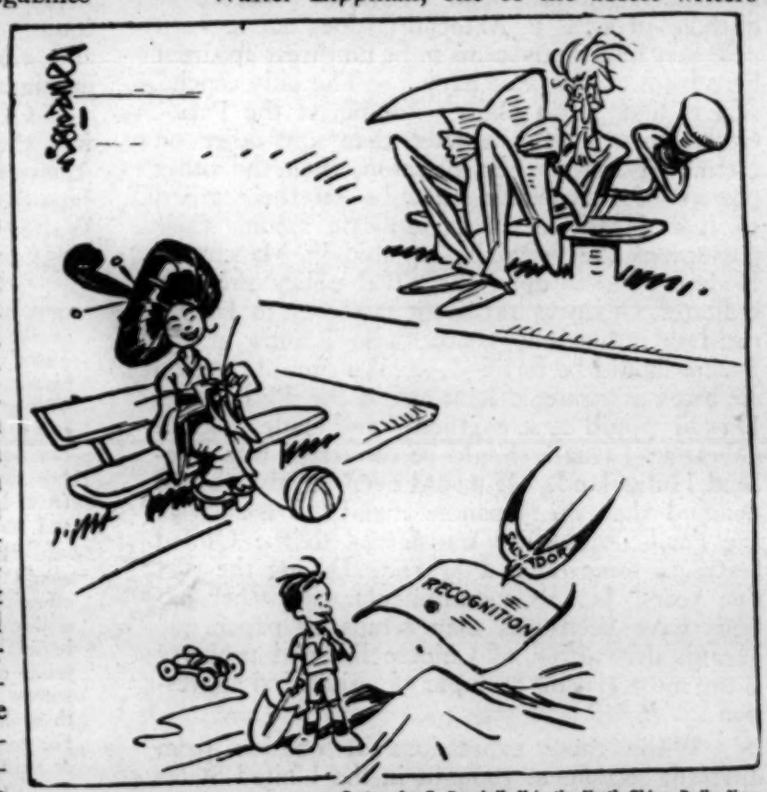
The recent Japanese "hands-off" declaration did much to weaken the position of those in the United States who have opposed a strong policy in the Pacific. The liberal journal of opinion *New Republic* headed its discussion of the situation, "Japan's challenge to the West," while the *Christian Century* labeled its editorial, "Japan Defies the World." Both papers strongly opposed any warlike moves on the part of the United States, but concluded that whatever happened Japan is certain to lose out on her two chief objectives: her attempt to police China and hold its millions in subjection; and to fight off the west while she is putting over her scheme of Asiatic domination. The *Christian Century* put it this way, "If the United States found its venture in policing a handful of Caribean islands and republics unduly expensive and lacking in returns, what is the prospect for this little island empire, already on the edge of financial collapse, which wants to try the experiment of swallowing half a continent?" In view of this situation the Chicago religious journal advised patience on the part of America and the other nations "in order to have Japan herself find out, in the end, how sadly misled she has been." The *New Republic* declared,

"Japan will consume her substance on an imperialistic adventure that must in the end bring her existing rulers to disaster. She has neither the material nor human resources to keep the masses of China in subjection indefinitely. All this will occur even if the conflicting imperialisms do not, in their desperation, clash in a way that must bring both down in catastrophe."

Turning to the daily press we also find an almost unanimity of opinion that Japan will meet with disaster, but for another reason—her violation of treaties and attempt to compete with the United States in warship construction. And of primary interest in this connection are the definite moves in the direction of strengthening American fortifications in the Pacific area. Articles have begun to appear in the newspapers and magazines urging the fortification of Alaska and at least one bill has been introduced in Congress to provide funds for one such project either on the coast or in the Aleutian inlands which is well beyond the half-way mark on the Asiatic side of the Pacific. American warcraft are now engaged in surveying the Aleutians, hence there is strong possibility that the Navy department will proceed with the development of fortifications and creation of a base at Dutch harbor, which project was allowed to lapse following the Washington Conference in 1921-1922. A strong U. S. naval and air-force based in the western Aleutians would assuredly cause Japan considerable worry about her northern coast line, and this anxiety might even extend as far south as Tokyo and Yokohamo. The *Chicago Tribune* in commenting on the recent war maneuvers at Panama declared that "ships, guns and men are good canal insurance and war games... at Panama are inexpensive premiums to pay to keep that insurance from lapsing." The New York *Herald-Tribune* in reference to the recent "hands-off" statement of the Tokyo foreign office declared that it was "completely destructive of every intelligent observer's confidence in Japan's signature to any treaty and it leaves the Occident no foundation for future relations with Japan but alert distrust."

The enunciation of Japan's "New Deal" in the Pacific has a natural bearing on the present juggling with respect to the forthcoming naval conference and obviously places Japan at a disadvantage because of the suspicion which exists over the world regarding her real objectives. Since Japan has violated the Nine-Power Treaty, the Kellogg Anti-War Pact and the League Covenant, what guarantees could the island empire be expected to put up against further violations when she has again recovered her financial and economic strength? Since this is the universal feeling in the Occident with respect to Japan's present and past activities in Asia the only alternative is to proceed with insurance measures—meaning increased naval construction and strengthening of fortifications in the Pacific area. As the *Herald-Tribune* put it, "If Japan carries out her present policy the entire political structure in the Far East is changed. This, in turn, affects the question of naval armaments. The Washington conference recognized and sought to preserve a certain balance of power in the Pacific. Japan now seeks to overthrow this and establish herself alone, supreme, dominant, all-powerful in eastern Asia. She, according to her spokesmen, is to interpret treaties as she sees fit, regardless of the ideas of others. This, in the light of the Manchurian and Shanghai incidents, means but one things—that she will do as she pleases unless restrained by the threat of effective force."

Walter Lippman, one of the ablest writers on international affairs, in a recent discussion of the connection between the Japanese hegemony statement and the naval limitation question declared that no American Administration would propose, and no congress would ratify any naval agreement with Japan that provided for parity along the lines envisaged by Japan. In demanding parity the Japanese do not wish, for obvious reasons, to build their fleet up to the full treaty strength of the American and British navies. What Japan wants to do is induce America and Britain to reduce their fleets to a strength which Japan can afford. To quote Lippman's statement, "The American people are almost certain to take the position, that while they do not intend to intervene in Asia, they do not intend to disarm in the Pacific as long as the Japanese Empire is expanding no one knows how far or in what direction. . . . A regime of arms limitation must



—Cartoon by G. Sapojnikoff in the North China Daily News

"ONE SWALLOW DOES NOT MAKE A SUMMER"

be based on political agreements that can be relied upon. The Japanese have broken down the agreements that existed. Until new ones are made they must not expect to enjoy the benefits of a free hand in their half of the world with the benefits of limitation of armaments in the other half."

Congressman Fred A. Britten, former chairman of the House Military Affairs Committee in the course of a discussion of the same issue was quoted in a *United Press* dispatch as declaring that "Guam, Hawaii and the Philippines would be an easy prey to Japan's ruthless militarism if she is granted increased naval ratios.... There is no reason why Japan should be planning a large ratio when the treaties are to come up for reconsideration next year.... Japan's seizure of millions of acres in Manchuria does not make it necessary and there seems to be no threat apparent here from the Chinese navy.... The only conclusion is that Japan plans to dominate the Pacific Ocean with a navy greater than any other on earth. If that is her intention, then the other powers of the Pacific must be on their guard so that Japan does not duplicate among their possessions the methods she used in Manchuria. If Japan insists upon the naval policy she now indicates, Guam would be an easy prey to Japan's ruthless militarism, hence these islands in the Pacific should be fortified.... We should develop air-bases at strategic locations in the Philippines. Hawaii should be strengthened and made a second Gibraltar. Guam should be converted into a second Heligoland. It would even be advisable to demand that the Japanese mandated islands in the Pacific should be transferred to the United States or some other Power.... During the past five years, Japan's commitments with other nations have been less than scraps of paper.... Japan's destruction of Chinese life and property is the most glaring example of unjustified aggression...."

While these expressions of opinion from different sections of thought in the United States should be of interest to China's leaders, the directors of public affairs in China should be even more deeply concerned with suggestions which have been put out recently in the United States regarding possibilities for compromise with Japan. The Japanese know, or should know that neither the United States or Great Britain will grant Japan's demand for naval parity either up or down and since this point is definitly established, Japan obviously will attempt to reach a compromise which will enable her to hang on to her ill-gotten gains and further establish herself as the dominant power in the western Pacific. The Foreign Policy Association in one of its recent bulletins dealing with the naval issue suggested two compromise proposals:

> 1—The United States could attempt to bargain with Japan by using the lever of naval ratios to secure modification of the Manchukuo regime, or definite assurances that the principle of the Open Door would be upheld. The weakness of this alternative is that Japan has not only declined to reopen the Manchurian question, but has also asked for a higher naval ratio.
>
> 2—The United States could admit the *de facto* situation in the Far East and renounce any intention of challenging Japan's position in Asia. In this case, the United States could proceed to discuss the naval question without pressing for an immediate solution of the Manchurian issue. It might still maintain the non-recognition policy toward Manchukuo in the hope that at some future date the question could be reopened with better chance of agreement.

Continuing the discussion the *Bulletin* suggested that should the United States follow this alternative, it would be free to adopt other conciliatory measures.... It could withdraw American naval bases from the Philippines after negotiation of a pact neutralizing the Islands; it could relinquish its exterritorial privileges in China and withdraw its marines and gun boats from that country; finally it could repeal the Exclusion Act and admit a few score Chinese and Japanese immigrants each year on a quota basis."

Of more direct interest to China, however, was the discussion of possible reorientation of American policy following the enunciation of Japan's "mastery of Eastern Asia" declaration by Walter Lippman which was referred to in the foregoing:

> "When one looks at the substance of these declarations one finds in them announcements that Japan will oppose 'technical and financial assistance' to China if Japan thinks this will encourage China to resist Japanese ideas. This might include our wheat and cotton loan to China, the projects of the League to rehabilitate China, and the sale of airplanes and other munitions by American and other western firms. Now, the question is: how does Japan propose to stop Europeans or Americans from dealing with China on terms satisfactory to China and themselves?
>
> "By declaring war? It seems most unlikely. There would appear to be only one way in which Japan can effectively prevent the western nations from lending or selling to China as they see fit. This is to have China herself reject the loans, the technical assistance, the goods of which Japan disapproves. If China will not borrow, buy, or be assisted, except as Japan gives consent, then the policy announced in Tokyo will be effective. For no one in America or Europe will force loans, goods, or assistance on China if China rejects them.
>
> "It is, therefore, reasonable to suppose that the Japanese purpose is not primarily to frighten away the western nations, but to overawe the Chinese. Looked at from this point of view the policy becomes intelligible. On the one hand, it is a threat of force against China which Japan is in a position to make good; on the other, it is a defiance of the powers, supposed to be China's friends, to which those powers are not likely to make an impressive reply. In the Far East prestige is a mighty weapon and to have defied the whole world successfully and spectacularly greatly strengthen Japan's position. The result would be to isolate China by showing the Chinese that they have no real friends in the west, that they cannot resist Japan which has successfully told all the rest of the world to keep its hands off. This may break the resistance of the Chinese and cause them to surrender and accept terms dictated in Tokyo. Once the Chinese Government accepts the Japanese policy, there will be little that the other world can do about it.
>
> "In shaping our policy there are certain basic considerations to be taken into account. Unlike Great Britain, Russia, France, we have no special interests on the Asiatic mainland. We are withdrawing from the Philippines. Thus in the whole great region in which Japan claims predominance we have no particular political interests of our own to protect. The independence

and the integrity of China we are bound to respect, but not to enforce as against others. Our fundamental position is necessarily that the Chinese must protect their own independence. This decision was taken in 1922 at the Washington conference. Since that time it has been no part of our policy to intervene by force on the Asiatic mainland.

"Our obligations to protect China are only such as rest upon signatories of the Kellogg Pact and of the Nine Power Treaty. That is to say, they are obligations to use moral influence in concert with the other nations. We used our moral influence from 1931 on. But the plain truth is that there was little support from Great Britain or France or Russia, and so most of the time we were out in front and in the exposed position. Yet the direct interests of those powers are far more substantial than ours.

"Therefore, in the present situation it would seem to be the part of wisdom for us to let the powers most directly concerned take the leadership in dealing with it. If there is to be any concerted action, let the policy emanate from the governments that have a definite stake in the area over which Japan claims hegemony. Otherwise we need only discuss with Japan specific problems of the Open Door as they may arise.

"For us the question comes to a head in the matter of the naval treaties which have to be dealt with next years. Our existing naval treaty with Japan rests upon a series of political agreements, chiefly the Nine Powers Treaty. They assume that China is to be allowed to work out her own problems. The Japanese say frankly that that assumption is erroneous. Be that as it may, it is upon that assumption that the existing naval ratios are based. But for it we should have constructed in 1922 and thereafter an overwhelmingly powerful navy."

From an international standpoint the outstanding element of interest concerns the possibility of co-operation on the part of Occidental nations in opposing not only Japan's hegemony declaration but also her demand for naval parity. According to Lippman's forecast of American policy the tendency for the present will be to await the reactions of other nations such as Britain, France and Russia which have territorial stakes in Asia which must be defended. The United States already has made plans for relinquishing the Philippines and might, conceivably, without any great sacrifice withdraw her armed forces from China waters. But while Sir John Simon, British Foreign Minister, has followed his usual wishy-washy attitude, the reports that Britain is speeding up work on the Singapore Base and is strengthening her position at Hongkong, indicates that Great Britain may finally take a decided stand now as she did on the original John Hay declaration of the Open Door and at the Washington Conference in 1921-1922. As for the French they also seem to be gradually receeding from their pro-Japanese attitude which prevailed immediately following Japan's seizure of the Manchurian provinces. Recently a spokesman of the Quai d'Orsay declared, "We have no desire to bind France to Japan," an attitude which is likely to become even more pronounced in the event an understanding is reached whereby Russia will join the League of Nations. As to the Russians themselves, there is now no question regarding their intention to defend themselves against the Japanese menace.

Finally, there is the all important element of China's own attitude not only on the Japanese domination issue, but also on the all-vital Manchurian question. Until the recent recognition of Manchukuo by the small Central American state of El Salvador, it was commonly forecasted in foreign diplomatic circles in the Far East that China herself might be the first nation to extend recognition to the bastard state which Japan has set up in China's former northeastern provinces. That there has been sound basis for this feeling is logical because of the underground secret negotiations and intrigue which have been proceeding in north China for many months between military and political emissaries of China and Japan. That this intrigue if continued can have no other outcome than the conversion of China into a dependency of Imperial Japan, should be obvious to all thoughtful Chinese. But despite these elements which appear obvious to neutral observers, the process seems to be continuing, even to the extent of a return to power of the notoriously corrupt and pro-Japanese Anfu clique which almost sold out China, lock, stock and barrel to the Imperial Japanese army during the course of the World War. In this connection certain Chinese in high position appear to have overlooked the important fact that the Nine-Power Treaty which China's delegates at the Washington Conference signed in company with the delegates of the other eight powers, also binds China herself to observe the principles of the Open Door which thereby became an *international policy* instead of merely an American policy. Should China condone or cooperate with Japan in the Imperial Japanese exclusionist policy, China would thereby become equally guilty as a violator of treaties and worse: she would be held responsible for the destruction of her own sovereignty, territorial and administrative integrity. China has an immensely greater responsibility in the upholding of the Nine-Power Treaty which constitutes her charter of independence, than is the case with respect to the other powers which signed the document, the United States, the British Empire, Belgium, France, Italy, Japan, the Netherlands and Portugal.

Dr. C. T. Wang Says Dissolution of Far Eastern Athletic Association Is Illegal

Dr. C. T. Wang, president of the China National Amateur Athletic Federation and head of the Chinese delegation to the Manila meet, upon his return to Shanghai this week said in an interview that the action of Japan and the Philippines in dissolving the Far Eastern Athletic Association is illegal and therefore it does not affect the continued existence of the organization, and China will make preparations just the same for the next meet which is scheduled to be held in Shanghai in 1936. "China now has appealed to the International Olympics Committee about the illegal action of Japan and the Philippines in dissolving the F.E.A.A.," Dr. Wang added.

Threat to Assassinate Japanese Consul at Manila

Atsushi Kimura, Japanese Consul-General at Manila, May 24 received a letter in Chinese stating that he would be killed shortly. Scrawled in bold Chinese characters on an old piece of brown wrapping paper, the note specified that the assassination would take place in the palm studded Cervantes Plaza in front of the Consulate. "You deserve death for taking part in the meeting which brought about the dissolution of the Far Eastern Athletic Association," it was stated in the note, which was signed with an obviously fictitious name.

Facts About the Japanese Loan to the Peiping-Suiyuan Railway

THE Managing Director of the Peiping-Suiyuan railway declared in an interview issued through *Reuters* service from Peiping on May 28 that the loan which he had contracted from the Tea Kogyo Company, or Japanese Oriental Development Corporation early in May had nothing what ever to do with the refunding of the so-called Nishihara loans which were advanced by Japan to China during 1918 and 1919. Quoting Mr. Sung, the *Reuter* report stated that the recent loan negotiations did not constitute new advances, "but related simply to the adjustment of the old loan of $5,200,000 contracted in 1919." Continuing, Mr. Sung said that the adjustment of the old Japanese loan "had followed the same lines as those taken in the case of American creditors of the railway. . . .the adjustment was in no way connected with the Nishihara loans." Another brief dispatch from the Ministry of Railways in Nanking contained a similar explanation concerning the loan negotiations between the Peiping-Suiyuan line and the Japanese company.

In addition to the foregoing reports which were circulated from Peiping and Nanking through *Reuters* service, the Ministry of Railways issued a further report (also on May 28) which appeared in the Chinese newspapers, making a further denial of the allegations that the recent Sino-Japanese loan negotiations in north China had any connection with the so-called Nishihara loans. This report stated that the purpose of the recent negotiations was to "uphold the credit of the Peiping-Suiyuan railway and in accordance with the policy for the readjustment of loan obligations mapped out by the Ministry of Railways." Continuing the report gave a general list of the classes of loans embraced in the Nishihara loans and declared that the original Japanese loan to the Peiping-Suiyuan road was not included therein.

The Nishihara loans, as explained in our previous discussion of this subject in the issue of *The Review* on May 19, were advanced to the old Peking Government, then dominated by the so-called Anfu Clique, between August, 1917 and December, 1918. So far as we know three complete lists of these loans were published at the time. One compilation appeared in the *Shanghai Gazette*, a Kuomintang organ which was published in Shanghai at the time by Eugene Chen. This was reproduced in our issue of May 19 and it contained the Peiping-Suiyuan loan, amounting to $4,000,000, with the information that it had been advanced to China by Japan during December, 1918, the security being entire property of the railway which had been mortgaged to the Japanese. An inspection of the files of *Millard's Review* (predecessor of *The China Weekly Review*) shows that similar lists of the so-called Nishihara loans, did include the Peiping-Suiyuan loan. Adequate proof of this fact is contained in an article written by Hollington K. Tong (now editor of *The China Press*) which appeared in *Millard's Review* on January 25, 1919. Mr. Tong's article not only contained a complete list of the Japanese loans, but also an extended explanation which contained the following illuminating paragraph:

> "In their frantic effort to raise money for the military campaigns at any cost, the government authorities contracted more than twenty Japanese loans. Popular anxiety was aroused, as the money raised was employed, not for industrial development, but for the financing of the Northern forces against the South. Most of these loans are known to the public, but several of them of high importance have not yet been disclosed. I therefore give below a list of the Japanese loans made either to the Chinese Government or some semi-official organs in 1918, most of which have been ackuowledged by the Japanese Government in a financial statement recently issued:

			YEN
1.	Jan.	Mitsui Bussan Kaisha to the Central government on the Bureau of Engraving and Printing	2,000,000
2.	„	Yokohama Specie Bank's share of Group Bank advance for flood relief	200,000
3.	„	Mitsui Bussan Kaisha to military governor of Chihli for military purposes	1,000,000
4.	„	Second advance on Second Reorganization Loan by the Yokohama Specie Bank	10,000,000
5.	„	Japanese Syndicate to rebel government of the Province of Hunan	2,000,000
6.	„	Yokohama Specie Bank to the Central government for suppression of plague	1,000,000
7.	„	Loan to the province of Fukien for general purposes	1,000,000
8.	„	Mitsui Bussan Kaisha to Chihli Province for purchase of yarn for spinners for flood relief	1,000,000
9.	„	Tai-hei Kumei Syndicate to Central government for purchase of arms	14,000,000
10.	„	Second loan to Bank of Communicationns made by Bank of Chosen, Bank of Taiwan and Industrial Bank	20,000,000
11.	April	Chosen Group of Banks to Telegraph Administration for extension of lines	20,000,000
12.	„	Loan to Fengtien province made by the Bank of Chosen	3,000,000
13.	Feb.	Shihpingkai-Chengchiatun Railway loan made by Specie Bank	2,600,000
14.	„	Nanjin Railway Loan—between Nanchang and Kiukiang	100,000
15.	April	Wireless Loan	3,000,000
16.	May	Loan to Chihli Province by the Chosen Bank	1,000,000
17.	June	Kirin-Huaining Railway Loan by Bank of Chosen, Taiwan and Industrial Bank of Japan	20,000,000
18.	„	Loan to Shensi Province	2,000,000
19.	„	Yokohama Specie Bank to Hupeh Province	1,000,000
20.	„	Okura Group to Central government	2,000,000
21.	July	Kirin Forestry Loan made by Industrial Bank of Japan and the Chosen Group of Banks	30,000,000
22.	„	Second reorganization loan—third advance	10,000,000
23.	„	Loan on Yu Kan Iron mines, Kiangsi province	3,000,000
24.	Sept.	Loan to Shantung Province	1,500,000
25.	Oct.	Peking Telephone Loan	5,000,000
26.	„	Manchurian and Mongolian Railway Loan	40,000,000
27.	Nov.	Shantung Railway Loan	26,000,000
28.	„	Military Agreement Loan	20,000,000
29.	Dec.	Peking-Suiyuan Loan	4,000,000
			YEN 246,400,000

Following this, Mr. Tong added the following further comment on the subject,

> "These twenty-nine Japanese loans amounted to Yen 246,400,000. The Chinese government used the most valuable national assets, such as mines, railways and industrial organizations, as security for them. It would not have contracted so many loans had it not been for

the encouragement from Tokyo. The conferring of orders and decorations by the Japanese government upon nine officials two months ago 'in recognition of the services rendered with regard to loans to China,' is one of the many proofs to substantiate this statement. Among those nine officials are Mr. Shoda, late Finance Minister; Mr. Ichiki, late Vice-Minister of Finance; Mr. Shinno, Director of the Financial Bureau in the Finance Ministry; Dr. Kobayashi, Japanese Financial Agent at Peking; Mr. Shoda and Mr. Ichiki received the First Order of the Sacred Treasure. Mr. Nishihara, who was active in 1918 in advancing loans to China was not decorated because he was a private citizen and not an official. The Japanese government has also conferred a number of orders and 'gold cups' upon military officers, 'in recognition of the services rendered in connection with the conclusion of the Sino-Japanese Military Agreement,' to which a loan also was attached. Japan's object in encouraging reckless borrowing by the Chinese government is undoubtedly to secure control of China's finances."

If still further proof is needed regarding the real character of the original Japanese loan which was advanced to the Peiping-Suiyuan railway, it is contained in the following editorial which appeared in *Millard's Review* on January 18, 1919:

"Reports from Peking and Tokyo indicate that the Japanese government has not changed its policy toward China. The highest Japanese officials are still encouraging reckless borrowing by the Chinese government. It is through their encouragement that the Peking-Suiyuan loan of Yen 4,000,000 signed on December 7, 1918, the Peking Telephone loan of Yen 5,000,000, signed on October 25, 1918, and the other loans, details of which are not yet available, have been concluded. The first two loans, the railway and telephone advances, were made by the Oriental Development Corporation, nominally for the purpose of industrial development, but in reality for military purposes, which fact was well known to the Japanese officials. Reports from the capitals of China and Japan further indicate that some financial arrangement other than these loans has been made between the Hara administration and the Peking government to resume the civil strife in the south. In the case the opposition leaders in the southwestern provinces are not able to come to terms with the Northern leaders at the impending peace conference, the financial arrangement will come into operation whereby the Northern militarists will be supplied (by Japan) with enough silver bullets to fight the southwestern provinces...."

Since these heavy Japanese financial advances to China constituted the outstanding political events of the period between 1917 and 1919 the reports concerning them occupied a considerable portion of the space devoted to Peking affairs in that period, which embraced most of the period of the World War. Full reports will also be found in the other leading foreign and Chinese newspapers, particularly the *North-China Daily News* and *The China Press* and the leading Chinese papers. The *Peiping and Tientsin Times*, published at Tientsin, also devoted major space to the subject, hence it is only necessary to refer to the files of these papers to obtain the facts. There is a possibility that the present Managing-Director of the Peiping-Suiyuan railway, who is a nephew of Gen. Huang Fu present head of the Peiping Political Council, may be technically correct when he states that the original Japanese loan to his railway was not a "Nishihara" loan. But whether it was advanced by the Japanese banker Nishihara or some other Japanese official or agent the loan was of exactly the same character as the others and none of the money was used for the purpose specified in the loan agreements but was wasted in futile warfare against Canton or went into the pockets of members of the Anfu clique of militarists and politicians who served as Japan's puppets and agents for the subjugation of China sixteen years ago. When this crowd of corrupt and traitorous politicians was later driven out of office and orders issued for their arrest, they fled first to the Japanese Legation in the Diplomatic Quarter in Peking and later on were smuggled out to the Japanese concession at Tientsin or the Japanese leased area at Dairen. A considerable portion of their ill-gotten gains, potent cause of China's present day financial and political distress, was invested in palatial homes in the foreign concessions at Teintsin or was deposited in the Japanese banks.

To refer again to the original Japanese loan to the Peiping-Suipuan railway, the record shows that the principal amounted to Yen 4,000,000. The interest rate was not stated, but probably was 7 percent, the rate specified in most of the other Japanese loans. Since no interest payment ever has been made, the accrued amount at simple rates, would run to Yen 280,000 a year or a total of Yen 3,480,000 for the sixteen year period. Figured at compound interest the amount would be far greater. Therefore, what apparently has happened is that K. Uchida, president of the Oriental Development Corporation, who negotiated the recent deal has cancelled most of the accrued interest and refunded the loan for $5,200,000. However, there are rumors in circulation in diplomatic circles in Peiping to the effect that a further agreement has been signed for another Japanese advance to the Peiping-Suiyuan line amounting to $10,000,000 or $11,000,000, the Japanese object being to obtain complete control of this railway in order to amalgamate it with their Manchurian system by connecting links built through Jehol province. This will enable the Japanese Kwantung army to consolidate its control of Inner-Mongolia and territories further west, including Sinkiang. In the event of war between Japan and the Soviets the Japanese will be able to use this important railway in their military plans directed at the Soviet Union for the railway skirts the southern border of Outer-Mongolia which is controlled by the Soviets.

Before leaving the subject, reference also should be made to certain American obligations against this railway which Mr. Sung alleged were similar to the Japanese loan. In making this statement Mr. Sung is incorrect for the American obligations were credits covering the sale of locomotives and rolling stock. In the case of the American advances, the locomotives and rolling-stock were actually delivered to the railway and are in use today. In the case of the Japanese loan, none of the money went to the railway but to the Anfu clique for military purposes or for personal enrichment.

We obviously do not wish to imply that these old defaulted loans should not be adjusted in some manner, but whatever is done about it

should be done in the open and the Chinese people kept fully informed of what is going on. Not a single word had appeared in any Chinese newspaper regarding the refunding of the Peiping-Suiyuan loan prior to the publication in *The Review* on May 19 of a *Rengo* dispatch giving the details which had appeared in the Japanese newspapers on May 6. The *Rengo* dispatch which we reprinted contained an interview with K. Uchida of the Tao Kogyo Company, or Oriental Development Corporation, who was in Shanghai at the time, having come here for the purpose of conferring with Gen. Huang Fu, who naturally was fully aware of the deal as it had been negotiated by his near relative who is now in control of the Peiping-Suiyuan railway.

That this question of refunding the 16-year old defaulted Japanese loans, is a matter of vital concern to the Chinese people goes without saying. Several days ago Wang Ching-wei, head of the Executive Yuan, caused a resolution to be adopted which specified that no loans from foreign sources could be negotiated without the approval of the Central Political Council. The object of this resolution was not stated, but it is altogether possible that Mr. Wang had this loan in mind because it has an important bearing on Japan's plans for extending her economic and political control over north China. The magazine *New China* issued by the students in Yenching University, declared in its April issue that the present Sino-Japanese negotiations in north China embrace the following matters:

1.—Resumption of through traffic on the Peiping-Mukden railway.
2.—Restoration of postal communication between China and Manchukuo.
3.—Opening of Customs stations along the Great Wall.
4.—Granting of certain mining, railway and political concessions to the Japanese in north China.
5.—Full recognition of Manchukuo.

Continuing, the editorial in the Yenching students magazine declared, "The latest requirements are the logical outgrowth of the Tangku Armistice, and the policy in general followed by the Government. It may not be unduly pessimistic to suppose that they will, in time, be succeeded by still stronger and harsher demands. The formal recognition of Manchukuo will not by any means be the last of them."

With further reference to the Japanese attempt to obtain in one way or another China's recognition or "legalization" of the immoral Nishihara loans as a means of clinching Japan's control over north China, it is of interest to refer to the present attempt of the Japanese and representatives of the Anfu clique to revive the old Exchange Bank of China, (中華匯業銀行—中日合辦) originally organized in 1918 and through which most of the Nishihara loans were advanced to the Anfu government in Peking. Wang I-tang, one of the leading members of the defunct Anfu clique is now in Tokyo negotiating with the Japanese War, Foreign and Finance ministers, and in interviews in the Japanese newspapers he claims to be an adviser to Gen. Huang Fu, head of the Peiping Political Council. Reports regarding Wang I-tang's negotiations have appeared in full detail in all of the Japanese newspapers, hence there can be no denying the Japanese attempt to refund these loans, regardless of statements to the contrary by Mr. Sung, the Managing-Director of the Peiping-Suiyuan railway. In an interview published in the *Japan Advertiser* (Tokyo) Wang I-tang declared that the reopening of the Exchange Bank "would accelerate Sino-Japanese friendship and promote the economic interests of north China."

According to a dispatch from Nanking published in *The China Press* on Tuesday, May 29, a spokesman of the National Ministry of Finance stated that the mimistry would refuse registration of the Sino-Japanese Exchange Bank in the event it was found to have any "political back-ground." China's refusal to register the bank, however, will not serviously affect the institution because it is chartered under Japanese law, hence possesses exterritorial privileges.

Trouble on Sino-Tibet Border Follows Murder of Rich Merchant

A correspondent at Tachienlu, writing May 1 to the *N. C. D. News*, stated that trouble has developed on the Sino-Tibetan border. A member of the well-known Bang-da-tsang family was murdered in Lhasa some ago, and in revenge, the family resident at Gartok in Eastern Tibet, disarmed 500 Tibetan troops, and retired on Batang, carrying the rifles and three big guns with them. The family of Bang-da-tsang is enormously wealthy and has extensive lands in Gartok some distance west of Batang. The history of the deceased Dalai Lama, it is stated, has been very closely connected with the House of Bang-da-tsang. Tubdan, the late Dalai, apparently did all business transactions through this well-known house, the various members of the family being located in different parts of the East. Some years ago the father of the family was murdered in Lhasa, leaving three sons who carried on the business. Loyang Yangpei, recently murdered in Lhasa, was the eldest; Neema was in Kalimpong when he heard of his brother's death and escaped to Calcutta; Choje, number three, was instrumental in disarming some 500 Lhasa troops at Gartok, near Batang, on the right bank of the Yangtsze. The importance of the house of Bang-da-tseng was referred to by Hugh Ruttledge, leader of the Mt. Everest expedition, in his address before the R. G. S., recorded in the *Geographical Journal* for January, 1934: "The Phari authorities have sometimes given us a good deal of trouble in the matter of transport. We were spared this by having secured the services of Bang-da-tsang, the Tibetan Government trader, who undertook to move out 30 odd tons of equipment and stores right through from Kalimpong to Kamba Dzong."

Direct Wireless Service Between China and Japan

Direct commercial wireless communication between China and Japan was scheduled to be inaugurated on June 1. Negotiations with this end in view had been going on for some time in Nanking and Shanghai, the increasing telegraphic wordage between the two countries having put a strain on the facilities already existing. The new service is to be operated at the same charges as the cable service, and is expected to relieve congestion.

According to an announcement from the Bureau of International Telegraphs, Ministry of Communications, the cost of the new service will be:—

Between Shanghai and Japan—75 centimes a character.

Between Tsingtao and Japan—one franc a character.

Between other places and Japan—one franc and 25 centimes a character.

The arrangement covers direct wireless communication between China and Japan and does not cover communication with other countries.

It is understood that similar arrangements for direct communications will be made between Tientsin, Canton, and Hankow and Japan, as have been made between Shanghai and Tsingtao and Japan.

Ariyoshi Returning Armed with New Vigorous Policy; Through Rail Traffic Near Settlement

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. *Japan's new policy towards China.*
2. *Through rail traffic arrangements near completion.*
3. *Tense Sino-Japanese situation in North China.*
4. *"Opposite Shore Conference" at Formosa postponed to July.*
5. *General Chiang Kai-shek issues final warning to Communists.*
6. *Revival of Party activities in North China.*
7. *Nanking envoy to Tibet reaches Sikong-Tibet border.*

According to a report in the *Osaka Mainich*, a Chinese translation of which appeared in the *China Evening News* on May 28, Akira Ariyoshi, Japanese Minister to China, is returning to China armed with new vigorous policy agreed upon between him and Koki Hirota, Japanese Foreign Minister. The principal points of the policy are as follows:

1.—China must abandon her anti-Japanese policy. She must agree to financial and economic co-operation with Japan instead of seeking support from the more distant countries, or at least support must come from an international group centred upon Japanese interests.

2.—Japan must vigorously oppose the positive policy of any third Power towards China, especially the activities of the League of Nations, whether technical or economic.

3.—Pressure must be brought to bear on the Chinese Government to suppress all boycott activities against Japan, to revise the Chinese tariff, to liquidate Japanese loans to China and to settle the question of through railway traffic and postal facilities between China and Manchukuo.

4.—Proposal to settle pending Sino-Japanese issues need not necessarily come from the Chinese Government. If the Chinese Government shows no sincerity in entering into negotiations then Japan shall take whatever action she deems fit.

5.—If China refuses to recognise the position of Japan as being responsible for the peace of the Far East and insists on seeking support from any third Power, then Japan shall take decisive action to establish her position.

Rail Traffic with Manchuria to Be Resumed in June

Japanese railway officials at Shanhaikuan have been actively preparing for the resumption of through traffic between Peiping and Mukden in the middle of June. It is learned at the conference recently held between Chinese and Japanese officials at Shanhaikuan, the proposal of forming an International Travel Service was made, the idea being that this organisation will settle all accounts between Chinese and Manchoukuo officials so as to avoid direct contacts between them and the implicit recognition of "Manchoukuo."

In connection with this matter, ten general principles are reported to have been formulated, of which the following are the more important ones:

1.—Through trains between Mukden and Peiping shall be pulled by locomotives of the South Manchuria Railway Company.

2.—Railway tickets from Pepiing to any station outside the Great Wall or from Mukden to any station inside the Great Wall shall not be sold by the rail way authorities.

3.—An International Travel Service is to be formed for the purpose of selling and issuing tickets in regard to through passenger and goods traffic.

4.—No flags or written notices of whatever description that are likely to provoke public feelings are to be displayed on the through trains.

5.—The railway authorities inside and outside the Great Wall shall act independently of each other in regard to the policing of the line, but in case of necessity joint action may be taken with mutual consent.

6.—The Chinese and Japanese representatives shall undertake jointly to form the International Travel Service, which shall have its head office in Shanhaikuan and shall maintain branch offices in Peiping, Tientsin, Mukden and other main stations along the line.

According to a *Reuter* report from Peiping on May 26, a well-known foreign tourist agency believed to be Messrs. Thomas Cook and Son have been approached by the Chinese authorities to handle through railway traffic between Peiping and Mukden.

It is stated that this agency will establish branches in Shanhaikwan and Mukden and for its services will receive six per cent of all the through traffic tickets sold. An agreement is also reported to have been reached regarding the division of the revenue derived from through traffic. It is said the agreement provides that the proceeds of all the tickets sold by the Mukden-Shanhaikwan Railway Administration, minus the six per cent discount to the foreign tourist agency, will go to the extramural railway, while the proceeds of the tickets sold inside the Great Wall will go to the Peiping-Mukden Railway.

However, interviewed on May 26 by the *Sheng Shih* agency, officials of Thomas Cook & Son, Ltd., denied that they would undertake to form the International Tourist Agency to handle railway traffic between Peiping and Mukden. They did not think that their Tientsin branch would enter into such an undertaking without the knowledge of the head office.

A China-Japan travel bureau has been organized to handle the Peiping-Mukden Railway service, according to a Japanese official in Peiping on May 27, who said that the intention to request a British company to handle the railway business has been changed.

The Japanese official added that the resumption of railway traffic between Mukden and Peiping is expected on June 15 with the daily income equally divided between the Chinese and Japanese.

Following the resumption of traffic along the Peiping-Mukden Railway, all the unsettled problems in Luantung will be threshed out, the Japanese official concluded.

♣

Interviewed concerning Sino-Japanese negotiations for settlement of the postal and railway questions regarding Manchuria on May 27, a high administrative official at Nanking said that with reference to the postal problem, the only action taken so far consists of the resolution recently passed by the Advisory Committee of the League of Nations at Geneva concerning transit of postal matter through Manchuria. The measure adopted is of a technical nature, and has absolutely nothing to do with political relations between one government and another. However, the Chinese Govrenment at present has not discussed or conferred with the Japanese authorities on this matter.

Turning to the question of restoring railway communications with the North-east, the official admits that the Japanese have approached the Chinese authorities informally on the matter but so far only the Japanese have expressed their views. The Chinese authorities have not discussed the subject, still less decided on concrete measures. The Central Government, adhering to its settled policy of non-recognition of "Manchukuo," will not under any circumstances consider any measure violating this principle, he insisted.

The Ministry of Railways published a statement on May 27, confirming the conclusion of an agreement for a Japanese loan of $5,200,000 for the reorganization of the Peiping-Suiyuan Railway.

The Ministry stated that "the Peiping-Suiyuan Railway on April 25, 1934, reached an agreement with the Japanese Oriental Development Association for the loan, which has been approved by the Ministry.

The Ministry, however, emphatically denied the report that the loan had any connection with the Nishihara loan.

General Huang Fu, chairman of the Peiping Political Council, and Yin Tung, Managing-Director of Peiping-Mukden Railway, both remain in Shanghai to meet Akira Ariyoshi, the Japanese Minister, for the purpose of further discussing with him Sino-Japanese questions in North China. Mr. Ariyoshi arrived at Shanghai on May 30. Prior to his departure for Shanghai, Mr. Ariyoshi has cabled to Japanese Consulate-General here to arrange a meeting with General Huang.

Concident with the arrival of Mr. Ariyoshi, Y. Suma, Japanese Consul-General at Nanking and Kawai, Director of Asiatic Affairs Bureau of Japanese Foreign Ministry, hvae also arrived at Shanghai. Before meeting General Huang, Mr. Ariyoshi will first call a conference of Japanese officials in Shanghai, after which he will propose to General Huang to open direct negotiations with Japan.

Tense Sino-Japanese Situation in North China

Fresh Sino-Japanese tension in the Demilitarized Zone at Luantung was reported on May 28 as result of the capture by Japanese soldiers of three members of the Chinese Peace Maintenance Corps there and the presence of a train-load of Japanese troops at Shanhaikwan in readiness to invade the trouble center at any minute.

The trouble started on May 25. A squad of Japanese soldiers invaded the Luan district in a maneuver on that day. The Japanese are reported to have forcibly gained entrance to houses and shops, whereupon the Chinese Peace Maintenance Corps are said to have interfered.

Three members of the corps were taken and badly beaten. They are still being detained although two of them are dying as result of the injuries. The Japanese soldiers are said to have attempted to force the Chinese Peace Maintenance Corps that the entire corps is engaged in anti-Japanese activities.

Tao Shang-min, administrator of the Luangtung District, has arrived at Yukwan for a conference with Japanese offieers there. The incident is said to be of nature similar to the one which took place recently at Chihsien, where the negotiations resulted in disarming of the peace maintenance corps there of all of their heavier armaments.

Meanwhile, more than 1,000 Japanese soldiers suddenly arrived in Shanhaikwan from Chinchow on May 27 and it is feared that the Japanese may again embark upon aggressive activities in North China.

According to a *Kuo Min* report from Peiping on May 27, the Japanese military strongly objects to the despatch of the 8,000 newly organized peace preservation units to the "demilitarized zone." The Japanese now insist that the number of the units should not exceed 6,000 men and that they be forbidden to carry even light machine-guns.

The Chinese authorities maintain that as the number of peace preservation units was fixed at 9,000 men by the Tangku Truce agreement, the despatch of 8,000 men is therefore within the provisions of the agreement. The light machine guns, moreover, cannot be classified as heavy weapons. Equipment of the units with 200 light machine-guns is to facilitate bandit-suppression and maintain peace and order in the "demilitarized zone."

As a result of the activities of the "Youth Alliance in China," an organization consisting of Japanese youths, there exists possibility of considerable trouble developing in North China, according to a *Reuter* telegram from Tientsin on May 26. The telegram stated that on May 24, an incident occurred in Tientsin which threatened to become serious on the Tientsin Bund when, following the arrival of the *Tientsin Maru*, a band of about 20 Japanese civilians attempted to prevent Chinese Customs officials from searching the luggage of passengers. Many members of the party wore badges inscribed "Youth Alliance in China," and carried sticks.

Customs officials threw a cordon on the bund with a rope, whereupon some of the Japanese jumped into the ring thus formed and tried to push the officials away.

In the meantime one of the Customs officials telephoned his superiors and, in response to a call, a Japanese official of the Customs arrived and succeeded in getting the party of Japanese civilians to disperse.

The Customs authorities are considering taking certain measures owing to a fear that there may be a repetition of the incident as Japanese members of the "Youth Alliance in China" apparently intend to meet all ships arriving from Dairen.

A senior foreign official of the Customs on May 27 personally went to the wharf to wait for the arrival of the s.s. *Chohei Maru* from Dairen, owing to the presence on the wharf of a number of Japanese youths. Additional police were on duty at the wharf.

Formosan Conference Postponed to Middle of July

A *China Press* special dispatch from Foochow on May 26 reported that with a view to placating the tense feeling among Chinese concerning the reported Japanese aggression of South China, the so-called "Opposite Shore" conference summoned by the various Japanese consuls in South China, has been postponed to the middle of July.

The conference was scheduled to be opened in Formosa on June 1 to discuss plans to deal with the anti-Japanese movement in the Southwestern provinces.

Rumours that the Japanese are seeking to lease Amoy as a military base are denied in official circles in Foochow. Amoy at present is very quiet and alarmist rumours are entirely groundles, the *Shun Pao* reported on May 22.

According to a correspondence from Foochow published in the Peiping *Chen Pao*, a large number of Japanese have recently visited Foochow, Amoy and Santu secretly surveying points of strategic importance along the Fukien coast. The Provincial Government and the Bureau of Public Safety have received many requests from Japanese subjects for tourist visas to visit the northern part of Fukien. These applications have been repeatedly rejected but they continue to bother the authorities.

Last month an important Japanese agent secretly proceeded to Yenping, Chienao, Yungan and Shahsien in an attempt to spy Chinese defence works in that region, and was arrested by the local military. His arrest was the subject of a strong protest from the Japanese Consul-General at Foochow. It happened that Li Tseh-yi ,counsellor of the Navy Ministry, was then in Foochow, and through his good offices the release of the Japanese agent was arranged.

Altogether between forty and fifty Japanese have recently arrived in Fukien whose activities have given rise to grave suspicions in Chinese circles. According to fishermen at Fuching, Changloh and Likiang, on the Fukien coast, many Japanese boats have been cruising in Chinese waters to survey the coast. A Japanese gunboat is reported to have appeared in the vicinity of the Pangho Archipelago.

The situation is probably most disconcerting in Amoy where a large number of undesirable Formosans have lately made their appearance.

The above facts indicate that the Japanese are gradually putting into execution their aggressive ambitions in Fukien. Viewed in this light, the conference of Japanese consular officials to be held in Formosa cannot but be a cause of grave concern to the Chinese public.

Admiral Chen Shao-kwan, Minister of Navy in an interview with Chinese press representatives at Shanghai May 27 denied that he is going to South China to participate in South China National Defense Conference.

While admitting the grave situation existing in the South in view of the rumored Japanese aggression, Admiral Chen said that he had no knowledge of the national defense conference being convened by leaders of South China.

Admiral Chen emphasized the importance of unifying the naval forces of the whole country in order to strengthen the naval defense of the country against possible aggression from abroad.

It is rumored in Nanking that Japanese Foreign Office will propose to the Chinese Government the elevation of diplomatic representatives of the two countries to the status of ambassadors with a view to facilitating negotiations for settlement of the outstanding Sino-Japanese issues. The report states that in the event of the proposal being acceptable to China, Akira Ariyoshi, the incumbent Japanese Minister, will be appointed first Japanese Ambassador to China and that the center of Sino-Japanese negotiations in future

will be shifted from Nanking to Tokyo.

An important official in Nanking on May 24 categorically denied the report. The official pointed out that as Japan's policy towards China had been completely dominated by the military clique, the time was not ripe for raising the status of the Chinese legation in Tokyo.

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Commenting on the Sino-Japanese negotiations conducted at Shanhaikwan, Peitaiho, Foochow, and Amoy, the "Pravda" on May 27 wrote:

"These negotiations prove, how extensively the Japanese imperialists are applying the tactics of 'local negotiations.' Establishing direct railway communication between North China and Manchukuo, Japanese imperialists have opened for themselves the road to Northern China, which enables them to transport troops, munitions, etc., without any difficulty.

"Seeking the possession of Fukien, the Japanese imperialists resort to methods of open pressure and undisguised threats. The policy of 'local negotiations' is accompanied by the intensified enlistment by the Japanese militarists of officials of the Chinese Government organs, various political adventurers, and military leaders, as their agents.

"The policy of 'local agreements,' apart from everything else, is aiming to prepare ground for a new pressure on Nanking, in order to force the latter to consent to the conclusion of a general agreement on problems which interest the Japanese imperialism. At the same time, Japanese imperialism wishes by means of these agreements to confront the great powers with an accomplished fact of the new reinforcement of Japanese position in China.

"The policy of 'local negotiations', concludes the newspoper, "is the new aspect of the course taken by Japanese Imperialists for seizing North China and for consolidating their position in South China."

In a letter written by Dr. C. C. Wang, chairman of the London Chinese Association, to the *Manchester Guardian*, on May 23, Dr. Wang contrasts Japan's solemn assurance "that she has scrupulously observed all treaties and agreements in force in regard to China," with the stipulations of the Nine Power Treaty, especially clause one.

Yet Japan, the letter states, wrested from China four of her richest provinces and set up a puppet government in which all control to the smallest unit, is in Japanese hands.

Dr. Wang says it would be useless to subscribe to any treaty when its stipulations can thus be twisted to mean exactly the opposite of their real meaning.

Therefore, he concludes, acceptance of Japan's assurance is bound to shake the foundations of international morality and place a premuim on treaty violation.

General Chiang Kai-shek Issues Final Warning to Communists

Before launching the large scale enveloping movement planned against the "Red" bandits, General Chiang Kai-shek, President of the Military Affairs Commission, has issued a final warning to the bandit officers and soldiers, urging them to consider the predicament they are in and repent at the eleventh hour.

In his message, General Chiang declare that any final struggle put up by the "Reds" would only mean digging their own graves.

"On the eve of wiping off all bandit lairs, I now give you a final opportunity to make a fresh start. Rewards of $20 and $200 will be given to those who surrender with rifle or machine-gun," the message concludes.

General Chiang has decided to convene a bandit-suppression conference at Nanchang, capital of Kiangsi, at the end of this month. The various Commanders-in-Chief and Field-Commanders have been ordered to despatch representatives to participate in the conferenc.

Hsinfeng, a strategic "Red" stronghold on the Kiangsi-Fukien border, was recovered on May 22 by the Government troops, according to an official communique recieved from the front by the Military Headquarters at Nanchang on May 23. The ousted communist-bandits are retreating further southward towards Juikin, "Red" Capital in Kiangsi.

Tzeki, a town situated between Iyang and Yuanshan in eastern Kiangsi, was captured by the Government 12th Division from the Communists on May 22.

To strengthen the defences of Nanchang city, the Provincial Headquarters has instructed the Defence Commissioner's Headquarters of Nanchang city to complete the dredging and building of the canal around the city. The construction expenses of the canal will cost one million dollars. Besides its military value in strengthening the defence of the city, the canal will be beneficial to river transportation.

To uphold military discipline, General Chiang Kai-shek has empowered the police of Nanchang to act against disorderly soldiers. Military offenders will be arrested and dealt with either at the Provisional Headquarters of the President of the Military Affairs Commission or at the Bureau of Public Safety.

President Chu Cheng and Chen Li-fu who had conferred with General Chiang Kai-shek, left Nanchang May 23 for Hankow on their way to Peiping. They will inspect the Party administration in the North.

Chen Pu-lei, member of the C. E. C. and until recently Provincial Commissioner of Education for Chekiang, will remain in Nanchang to assist General Chiang in the work of compilation and writing.

General Ma Chan-shan, former Chairman of the Heilungkiang Provincial Government, was received on May 22 by General Chiang Kai-shek, at the military headquarters in Nanchang, according to a *Chekiai* report on May 23. General Ma submitted a report to President Chiang on the disposal of his former troops.

General Chu Shao-liang, Chairman of Kansu and concurrently Director of the Lanchow Pacification Headquarters, arrived at Nanchang on May 28 to report on the military affairs of Kansu to General Chiang Kai-shek. After the visit, he will proceed to Nanking to see President Wang Ching-wei.

General Ho Chein, Chairman of Hunan, and concurrently Commander-in-Chief of the Western Route Bandit Suppression Forces, passed through Hankow on May 26 en route to Kiangsi to see General Chiang Kai-shek. General Ho will submit a personal report to him on the progress on the campaign against the Communists in western Kiangsi.

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The Kwangtung troops under General Li Yang-ching, have completed preparations for the launching of the general offensive against the "Reds" at Hweichang, "Red" stronghold in southern Kiangsi. To increase the effectiveness of the operations, the 4th and 5th Aviation Squadrons have been dispatched to Swatow and Meihsien respectively to assist the land Forces.

Since the recapture of Kienning and its surrounding districts, over three hundred communists, both men and women, have surrendered to the government troops and among them is Chow Kang-shou, chairman of the so-called Fukien soviet. It is reported that between two and three thousand communists were killed or wounded in the defence of Kienning. Others fled in the direction of Anyuan.

A sum of $100,000 has been received from General Chiang Kai-shek by General Liu Hsiang, Commander-in-Chief of the Szechuan Bandit suppression forces, for distribution to the wounded soldiers who have been engaged in the fight against the Reds, according to a Chengtu report on May 23. The families of soldiers killed in battle will be pensioned.

A portion of Communist bandits under Ho Lung, estimated at 3,000 strong, have fled to Chenan and Houping, on the Kweichow-border, after having been defeated by the Szechuen troops.

Admiral Hsieh Kang-cheh, commander of the Third Naval Squadron, who is now visiting Peiping, will shortly come to Hankow to see Marshal Chang Hsueh-liang, deputy commander of bandit suppression for the provinces of Hupeh, Honan and Anhui.

Later he will proceed to Nanchang to make a report to General Chiang Kai-shek on the naval defenses of Shantung, returning to Tsingtao by way of Nanking and Tientsin.

Nanking to Revive Party Activities in North China

According to a *Rengo* telegram in the *Japan Chronicle* on May 24, the Central Executive Committee of the Kuomintang has decided to revive the Party activities in North

China, which was sustained owing to the discouraging attitude of General Huang Fu.

The Kuomintang is reported to have sent Chen Li-fu and Chu Cheng, leading members of the Party's Central Executive Committee, to the Peiping and Tientsin districts with the object of reorganising the branch there.

The present decision, which was proposed by Sun Fo, President of the Legislative Yuan, is intended to curb General Huang Fu's plans to ameliorate the Sino-Japanese relations in North China.

Another *Rengo* telegram from Tientsin published in the *Chronicle* on May 22 states that in order to bring North China under the control of the "Blue Jackets," Fascist organisation of General Chiang Kai-shek, sweeping changes among officials in high position are expected to take place shortly.

General Chiang's plan includes the appointments of the following: General Yu Hsueh-chung, at present head of the Hopei Government, to the head of the Anhwei Government Chen Li-fu, leaders of Chiang's "Blue Jackets," to the head of the Hupeh Government; and General Hsia Tou-yin to the position of Commandant of the Peiping-Tientsin Garrison.

A deadlock, however, in the well laid plans of General Chiang, is imminent in that General Yu Hsueh-chang, who has declined to accept his transfer to the head of the Hupeh Government, and has threatened to resign if General Chiang insists on the executoin of his plan.

A sum of $20,000 has been appropriated by the Central authoirties for the initial expenses of the Mongolian Local Autonomy Political Affairs Council, according to a Nanking report on May 22.

General Tang Yu-lin, vanquished governor of Jehol and now high military advisor to the Peiping Military Affairs Commission, arrived at Peiping on May 22 from Kalgan to assume his new appointment. General Tang is shortly leaving for Tientsin, where he has considerable interests in real estate.

Canton Agiuation for Separation from Nanking Is Fading

According to a *China Press* dispatch from Canton on May 22, agitations to form a separatist government in Canton which had been revived following the return of Hsiao Fu-chen from Bangkok, are rapidly fading.

Kuomintang leaders in Canton such as have long been criticizing the foreign policy of the National Government and insist on prolonged resistance to Japanese aggression.

As there is no evidence to show that Nanking is going to recognize "Manchukuo," criticisms of the Central Authorities fall flat.

Some excitement arose last week, when it was said that crack Nanking troops under General Liu Chih were to be transferred from Honan to southern Hunan in order to supervise the movements in Kwangtung. The furor eventually died down, as such reports were found not true.

There are two divergent views among the civilian and military leaders here. The former are demanding recovery of lost provinces and opposition to further Japanese encroachment, while the latter desire only "safeguarding Kwangtung and protecting its people."

The military men take the position that their primary duty is to strengthen the defense of the province for fear of Japanese penetration and that foreign affairs be left in the hands of the National Government. Depreciation of the provincial banknotes is a handicap in starting any movement at present.

Immediate objectives are a substantial loan to stabilize paper money and schemes to raise money for increasing military expenses. A sum of $20,000,000 is being sought for the erection of an iron and steel works at Tung Long, four miles from the city.

General Yun Lung, chairman of Yunnan, has despatched eight regiments of his troops to assist General Yu Kuo-tsai in his attempt to take Kweiyang, capital of Kweichow province. Serious fighting has broken out at Shoushun and it is reported that General Wang Chia-lieh, the Kweichow chairman, is preparing to withdraw into Kwangsi.

Nanking Envoy Reaches Sikong-Tibet Border

General Huang Mo-sung, Special Envoy to Tibet, in a telegram to the Central Government from Sikong, reports that the Tibetan authorities have despatched representatives to the Sikong-Tibetan border to welcome him. He says he expects to reach Lhassa, Capital of Tibet, in four months' time.

Nanking Notes

General Chiang Kai-shek will personally attend the 10th naniversary of the establishment of the Academy at Nanking which falls on June 16th, according to a report from Nanchang May 27.

Owing to pressure of military duties, General Liu Chen-hua, Chairman of Anhwei and concurrently Commander-in-Chief of the Bandit-suppression forces for the Honan-Hupeh-Anhwei Border, has tendered resignation to the Central Government from his civil post, which, it is believed, will be accepted by the Government.

Dr. Chu Chia-hua, Minister of Communications, denied current reports that he will be appointed Chairman of the Chekiang Provincial Government, in succession to General Lu Ti-ping who is now on sick leave.

Wu Shan-ying, member of the Legislative Yuan, who was sent to Canton recently to secure the views of the Southern leaders regarding the draft constitution, has returned to Nanking. Mr. Wu declared that Generals Chen Chi-tang and Li Tsung-jen, commanders of the Kwangtung and Kwangsi armies respectively, are both in favour of the draft constitution. He paid a tribute to the Canton authorities for the rapid progress in road construction and for the good order maintained within the province.

General Han Fu-chu, Chairman of Shantung, will leave for Nanchang in the early part of June to receive instructions from General Chiang Kai-shek. He will later proceed to Hankow to see General Chang Hsueh-liang.

The latest method of punishment resorted to by General Han, in his role of the stern judge bent on cleansing officialdom of corruption, is to put delinquent officials in handcuffs and parade them through the streets of Tsinan city. For extortion from the people, General Han, after ordering the dismissal of eight officials of the Branch Stamp Tax Bureau in Tsinan, decreed on May 22 that they be first thrashed with bamboos and then led, handcuffed, through the streets. This public punishment will be continued daily for one month.

C. H. H.

Japanese in Shanghai Celebrate Naval Victory Over Russians

The 29th anniversary of the victory of the Japanese fleet over the Russian fleet (1905) was fitting celebrated May 27 by the Japanese Navy, not only in Japan, but in Shanghai. The celebration program included a sports meeting in Hongkew Park, under the joint auspices of the Japanese warships and Landing Party. Brigadier Thackeray, commanding officer of the British Land Forces in Shanghai, many other high army and navy officers from foreign navies and land forces and prominent foreign residents of Shanghai were among the guests invited to witness the games.

Admiral Togo Dies in Tokyo at Age of 87

The death occurred in Tokyo May 30 of Admiral Togo, who commanded the Japanese fleet which destroyed the Russian Baltic fleet in the Japan Sea during the Russo-Japanese War. During the last hours of his life large quantities of radium were administered. The Japanese Emperor bestowed upon him the title of Marquis just before his demise. The late Admiral Togo was born in Kagoshima December 22, 1847.

Chinese Purchasing Committee Asks for Bids on British Railway Equipment

The Chinese Government's purchasing commission May 17 asked for bids for 14 powerful freight and passenger engines, two shunting engines and a large number of 40-ton freight cars for the Canton-Hankow line. The commission has already placed orders with the Hunflet Engine Company for the purchase of four of its largest engines, four slightly smaller engines, for the Kiaochow-Tsinan railway, and a new train ferry for the Pukow crossing. The total orders involve £250,000.

Japanese Home Minister Yamamoto Deprecates Irregularities Committed by Police Officials

A CONFERENCE of Prefectural Police Chiefs of Japan was held at the Home Office in Tokyo recently behind closed doors. The principal matters discussed were the methods for the control of Communist movements, and for the suppression of Rightist movements, with special reference to acts of violence. Baron Yamamoto, the Home Minister, in the course of a speech, regretted that there have been cases of late in which police officials have offended official discipline, neglected their duties, committed irregularties or otherwise acted in a manner derogatory to the prestige of the police. In view of the nature of their duties, the Minister said, it is particularly important for police officials to observe official discipline strictly. They must be fair and upright in their behavior and faithful in the discharge of their duties, always ready to respond to the call of their duty at the risk of personal danger. They must be kind to the people generally, instead of arrogant and harsh. Referring to social movements in the country, Baron Yamamoto said that they have grown more complex and more virulent of late years. As to Communist movements they keep up their tenacious existence, in spite of rigorous official control. Movements of those who profess nationalism also betray phases which sometimes inspire grave anxiety. The local police authorities must make special endeavors to eliminate all subversive movements. There is a tendency for publications, which aim to revolutionize social order or to incite direct action, to increase. Calling for equal strict control are such publications as tend to damage friendly international relations. Care should at the same time be used, he said, not to suppress speech and the Press too rigorously, as sound and moderate views and theories tend to help forward the civilization of the country. With reference to labor union movements, the Home Minister said that it is a matter for congratulation that they have been taking a moderate and sound course of late and that there has been an increase in the number of such employers as evince an interest in the improvement of the position and livelihood of laborers. There is in such circumstances a welcome indication of relations between capital and labor being gradually bettered, he said.

Friendly Atmosphere at Seiyukai-Minseito Meeting

The first meeting of the joint committee of the Seiyukai and the Minseito, appointed to promote agreement of policy between the parties, was held in the President's room in the House of Representatives last week. A friendly atmosphere pervaded the meeting, it is said, there being a unanimous expression of earnest desire for agreement of policy to meet the present difficult national situation. In a statement made public at the end of the meeting the committee expressed satisfaction over the fact that the representatives of both parties are now formally thrown together to discuss ways and means of finding agreement of policy. It is quite natural that because of different principles and policies they should join issue on many subjects, but they have too often been obsessed by strong partisan feelings so that they sometimes departed from the true functions of political parties. The present committee is to consider problems relating to rice, thought and education, to start with, and when concrete measures for dealing with these subjects have been elaborated, it means to proceed to the study of other problems.

Addressing a recent meeting of Minseito members, Baron Wakatsuki, President of the party, said that although some people seem disposed to read deeper designs than appear on the surface into the projected agreement of policy between the Seiyukai and the Minseito, its true aim is exactly what was made public in a statement issued at the conclusion of the first meeting of the joint committee. Political parties are intended for the advocacy of policies which they believe to be best calculated to promote the welfare of the State and the people. Those who share policies and principles band themselves together into political parties. If these parties earnestly endeavor to bring their policies into accord in the best interests of the State and the people, nothing can be more welcome. When their political views are fundamentally at variance, this is, of course, impossible, but if common ground can be discovered and co-operation achieved for the execution of their agreed policy, it will be a very desirable thing in the present state of the country, the speaker said.

Finance Minister Takahashi Vacillates Between Taxes and Loans

According to the *Osaka Asahi*, the mind of Mr. Takahashi, the Finance Minister, which has lately been inclining towards the increase of taxes from the next fiscal year, is now showing signs of veering again in the opposite direction. The Osaka journal says that this second change of mind on the part of the Finance Minister is due to his conviction that criticisms of the present loan policy, which are heard in some quarters, are misdirected. Mr. Takahashi believes that owing to the special care taken to prevent inflation of a malignant nature, and to regulate the absorption of loans through the market operation, the evils usually attending loan issues have been averted. It has further been found that these loan issues have not impaired the activity of industrial capital. They have rather produced beneficial effects on the monetary and industrial situations, reinforced by the low interest policy. This mood of the Finance Minister is causing disappointment to the permanent officials of the Finance Department, who are as eager now as ever to increase taxes in the next fiscal year to reduce the present heavy deficit in revenue.

Japan's "Tammany Hall" Is Dissolved

The dissolution of the Bancho-kai was announced May 16 by its leader, Baron Seinosuke Go. Dubbed the "Tammany Hall of Japan," the organization was deemed a source of plots aimed at financial and industrial circles, extending its hidden influence even to political matters. The dissolution is said to be attributed to the recent change of mind of Baron Nakajima, a prominent member who, on the occasion of the assassination of the late Sanji Muto, received a shock from the various criticisms levelled at the Bancho-kai. In this connection, Baron Go is quoted as saying: "Originally the body was organized solely with the object of contributing to the moral cultivation of its members; but in course of time with some members being affiliated with undesirable organizations, the Bancho-kai has become the butt of discussion at large." The "Bancho-kai" had twelve members, all influential in political and financial circles, and generally regarded as subordinates of Baron Go, including Baron Kumakichi Nakajima, former Minister of Commerce and Industry.

Sentences on Penitent Communists Reduced by Appeal Court

Sentences for the five communists caught in the second round-up of the Nippon Communist Party, who gave up their "red" ideas, were pronounced by Judge Akabane of the Tokyo Appellate Court on May 11. The sentences follow: (In parentheses are the sentences passed in the initial trial): Manabu Sano: 15 years penal servitude (life), Sadachika Nabeyama: 15 years penal servitude (life), Shiro Mitamura: 15 years penal servitude (life), Sadaki Takahashi: nine years penal servitude (15 years), and Keiichi Sugiura: eight years penal servitude (10 years).

In all cases, the verdict of the appellate court was lighter than that of the initial trial. In explaining the verdicts, the chief judge made the following statement: "As stressed in the trial of the lower court, the prisoners committed serious crimes by organizing and leading the communist group. In that a grave reaction has been seen in public thereby, the verdict of the lower court cannot be called inappropriate. "But this court recognizes the changed attitude of the prisoners, who have regained their consciousness as true citizens of Japan. Thus, reduction in the terms has been deemed wise."

Police Cite Long List of Allegations Against Bickerton

What is known as the Tokyo Communist case, the trial of which was in progress during the latter part of May, brought out the fact that in February last, over a hundred suspected Communists were arrested in Kumamoto. A total of 13 have been indicted, and another 32—against whom a case was made out—have been warned, but prosecutions has been suspended.

With reference to Professor Bickerton, (British subject) *Rengo* states that in the latter part of October last he was asked by one Matsumoto to join the Communist Party of Japan. He agreed to do so, the police say, but while a decision was still pending as to whether to include a foreigner in the party or not, the party leaders were all placed under arrest.

Rengo says that Mr. Bicketron donated Yen300 though Mr. Kozai, son of Dr. Kozai, former president of Tokyo Imperial University. When Mr. Bickerton came back to Japan in September from his trip abroad, Kozai was in prison. He got immediately in touch with Matsumoto, alias Yasukawa, an employee at the Sanseido Bookstore at Kanda, who was a graduate of the Law Department of the Tokyo Imperial University. Matsumoto was the man Kozai had told to keep in touch with Mr. Bickerton in case Kozai should be arrested. Mr. Bickerton promised Matsumoto, as they met on the beach near the former's home at Chigasaki, to give the party Yen 100 every month. When Bickerton was given leave of absence in April last year, he proceeded to Moscow, instead of returning to New Zealand, and later visited Berlin and London, *Rengo* said. He stayed in Europe three months. Bickerton is said to have translated 10 stories by Kobayashi and other prominent proletarian short story writers. With the manuscript of his translations he visited the United States of America in June, 1930. In New York he met Michael Gold at the offices of the *New Masses* and exchanged information on radical movements in Japan and America. While in New York he concluded a contract with the International Publishers for the publication of his Japanese proletarian stories. The book was published last summer by Martin Lawrence, London, the English agent for International Publishers. In this book was included, besides the 10 Japanese stories, several other Japanese proletarian stories re-translated from other languages and an article by himself enttled, "Takiji Kobayashi, a Writer Murdered by the Police." When he came back from America late in the sum-

mer, he allegedly brought a large collection of inflammatory literature, dealing with Communist theories by Lenin, Bukharin and others.

Governor-General of Korea on Visit to Japan

Governor-General Kazushige Ugaki departed from Seoul, for Japan May 28. He is scheduled to stay in Tokyo for about 20 days.

Yen 200,000 for Prince Chichibu's Visit

About Yen 200,000 will be appropriated from the Second Fund of the budget for the expenses in connection with the visit of Prince Yasuhito Chichibu, younger brother of the emperor, to Manchukuo it was decided at the regular Cabinet meeting at the Premier's official residence in Tokyo, May 29. Prince Chichibu will proceed to Manchukuo with the inignia of the Grand Cordon of Chrysanathemum, highest Japanese decoration, which he will deliver to Emperor Kangte at Changchen. It is further understood that the Empress of Manchukuo will also be invested with the first Order of the Sacred Crown.

Du Ponts Sell Equipment for Nitrate Plants in Japan

Officials of E. I. du Pont de Nemours & Co. explained at Wilmington, Delaware, May 17, the circumstances of the sale of Du Pont equipment for Japanese nitrate plants. Deploring suggestions which has been made that the resulting nitrates might may be used for military purposes, Dupont officials asserted: "The explanation is simply the prosaic one that Japan, because of her limited farming areas greatly needs fertilizer. * * * * As a matter of fact, Japan has already installed and in operation plants having more capacity for the production of nitrates than could be required for any conceivable military purposes. * * * * The whole transaction is purely commercial, not military, and the effort to inject the munitions feature probably is part of the present outburst of anti-munitions propaganda."

Japanese Chemical Industry Makes Great Progress

A recent article in *Tokyo Hochi* records the unprecedented progress in the Japanese chemical industry during recent years, one result of which was that the Tokyo branch of Brunner-Mond was forced to close down. Japan today has become an export country of chemicals, which are being shipped all over the Orient. Not only Britain, but other countries as well, have proposed compromises in business fields to Japanese manufacturers. Walter Carter, representative of the Swedish Match Trust, who recently suggested to Japanese match exporters the fixing of business spheres for Japanese and Swedish products through the Ministry of Commerce and Industry, is reported to have approached chlorate of potash manufacturers here with an analogous plan. It is also reported that a famous German chemical manufacturing concern known as E. G. has proposed to the Nippon Seriren Kaisha to join the International Cartel of dichromate of potash.

Agricultural Society Challenges Government on Rice Situation

According to the *Japan Chronicle* (May 19) the Imperial Agricultural Society is far from convinced by the statement of the Agricultural Department authorities that there is no rice shortage in the provinces. The Society points out that 40 per cent of the farming population in the country, finding their stocks of rice gone, gradually turn buyers of rice for their own consumption after the busiest rice marketing season, and there is reason to believe this phenomenon will manifest itself more pronouncedly this year. It is explained that small farmers, who are usually hard up, sold a large proportion of their rice at the minimum official price under the Rice Control Law, recently promulgated, soon after the harvest. In such cirumstances, they are likely to feel a shortage of rice much earlier this year than usual. On the other hand, well-to-do farmers have been more reluctant to part with their stocks, in anticipation of a big rise in the price of rice, consequent on heavy purchases of rice by the Government. This means that whereas there are large stocks of rice in the hands of well-to-do farmers or landowners, there is a shortage of rice famine among small farmers.

Brazil to Limit Japanese Emigration to 3,000 Per Year

Japanese emigration to Brazil will be cut to 3,000 persons a year under the terms of a bill passed by the Brazilian Constitutional Assembly May 24. More than 32,000 Japanese sailed for Brazil last year, Japanese official records show. The limitation (two percent) applies uniformly to all countries, the reports said. Since there are at present 150,000 Japanese in Brazil, the number of emigrants under the new measure will be 3,000, Japanese development company officials pointed out. The Japanese government has sent a protest to the Brazilian government on the restriction of Japanese emigration.

Oscar Correa, newly-appointed Brazilian Consul-General in Kobe, is quoted by *Rengo* as saying that the recent action of the Brazilian Constitutional Assembly approving a bill providing for a severe limitation on Japanese emigration to the South American republic "did not represent the true wishes of the Brazilian people."

Japanese Railways to Abolish First-Class Accommodation

Finding that there were only 35,000 persons in a year, utilizing the first-class accommodations, (half of whom travelled on passes) on Japanese government railway lines, the Ministry of Railways has decided to abolish first-class service on all lines except the Tokaido main line. The abolition will take effect December 1 when a nation-wide readjustment of time-tables and fares is contemplated.

Japanese View U. S. Exclusion Clause More Calmly

The Tokyo correspondent of the *North China Daily News* wrote May 15 that the Japanese people, ten years after the passage by the American Congress of the immigration law of 1924, have practically forgotten that there ever was such an incident. Outside of the diplomats none, not even the ultra-patriots and jingoists, ever mentions the matter to-day. In fact, it is felt that the repeal of the Japanese exclusion clause in the legislation, for which Japan clamored during the years immediately following the passage of the law, would not cause any considerable rejoicing among the people of Japan. If the law was to be amended, it should have been done long ago, is the view of most Japanese. What little is said and written about the exclusion clause now is confined to advice to forget the matter. Such leaders as Yosuke Matsuoka, Japan's delegate at the League Council when Japan left that body, have openly urged their countrymen to dismiss the question altogether. Incidentally it is pointed out that there are in Japan about 6,000 children who cannot go to America to join one or both of their parents, and there are a considerable number of parents in Japan unable to join children in the United States, as a result of the existing laws.

Bulgaria, Chief Source of Heroin---Japan, Chief Customer

Following sensational disclosures that Bulgarian drug factories are manufacturing twice to four times the total legitimate world requirements for the powerful drug. heroin,—made at Geneva May 25 by American Representative Fuller, to the League's Opium Advisory Committee, the Bulgarian delegate announced that the new government had already dismissed the public health official concerned. The new government, the Bulgarian delegate stated, requested that information be furnished by the League to enable it to deal promptly and effectively with the drug traffic. Russell Pacha, Egyptian delegate, read a list of 10 Bulgarian factories which are clandestinely manufacturing heroin, considered one of the most deadly and generally dangerous narcotics produced. He declared that M. Karagyzoff, former Chief of Police at Sofia, was the operator of one large fact ry, while M. Parlapanoff, head chemist at the institute of Public Health, was working another.

Japan, according to her own estimates, requires 57 per cent of the total world allotment of heroin for use in Japan proper, Korea and Formosa. Japan uses 870 kilos, roughly 1800 pounds, of heroin and her dependency, Korea, has asked for 162 kilos, more than any other single country in the world.

American Delegate Says China Produces Seven Times as Much Opium as the Rest of the World

Extremely serious charges were levelled May 29 against China in connection with opium traffic, by Mr. Fuller, American delegate to the Opium Advisory Commission in Geneva May 29. Mr. Fuller declared that four years ago opium production in China was at least seven times that in the rest of the world together, and that it had increased greatly since then. Mr. Fuller suggested that the Chinese government permit a more complete report on the situation, particularly detailed information regarding provincial monopolies together with the revenues derived from them.

Kwangsi Continues Opium Suppression Campaign

An order has been issued by the Kwangsi Provincial Government for the complete suppression of opium-smoking in that province. According to the order, all opium addicts in the province must be registered before September. The opium-smoking habit must be eradicated by the end of this year.

Shieh Shiu-shang, a Cantonese lumber merchant, was found dead in a Chinese apartment in 737, North Szechuen Road, Shanghai May 26. Investigations indicated that death had resulted from the swallowing of a large quantity of opium. A photograph showing Mr. Shieh sitting with a woman was also found in the room where the tragedy was enacted.

The Nanking police recently arrested sixteen persons for selling heroin. All of the arrested persons stated that they received their supply from Shanghai.

Murder Gang on Trail of Opium Smokers in Kiangpeh

A well-organized assassination gang has started operations in Kiangpeh, which is the market for opium and heroin in China. The union is said to consist of more than 1,000 members who have been scattered in the various towns and villages in Kiangpeh with the sole object of murdering opium smokers and smugglers. Many opium smokers are reported to have already been brutally murdered in the Huai and Sze districts while warnings have been received by those who prefer "black rice" to "white rice."

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National Finance Conference Pleads Relief for Rural Population

THE National Finance Conference came to an end at Nanking May 27 with an impressive ceremony. A lengthy manifesto was issued to the effect that the decisions of the conference, if faithfully carried out, will mark a significant milepost towards farm rehabilitation and financial reconstruction in China. The concluded financial parley at Nanking is charaterized as a direct answer to the desires of the farmers who constitute more than 80 per cent of the total population of China and therefore the backbone of the nation. The farming populace of this country had been in a wretched plight, pressed with war, famine and above all heavy taxation, the manifesto says. The financial conference, therefore, it is pointed out, marked the first conscientious attempt on the part of the government to alleviate and

Dr. H. H. Kung, Minister of Finance, Who Presided at the Meetings of the National Finance Conference.

ameliorate this sad state of affairs victimizing the masses of this country. The relief of the rural depression in China, was therefore the central theme of all the resolutions, totalling more than 100, adopted at the seven-day finance meet. The resolutions are summed up in the manifesto under six groups as follows:

1. That the central government be petitioned in the name of the financial conference to issue a mandate prohibiting local governments to increase land taxes on farmers and ordering that all land surtaxes previously imposed be gradually cancelled.

2. That all superfluous and miscellaneous taxes authorized by the central government be abolished within the period from July 1 to the end of this year.

3. That the system of collecting the business tax and other taxes on merchants be reorganized whereby the revenues of the government may be considerably increased.

4. That a strict budgeting system whereby a boundary line may be drawn between the finances of the central government and those of the local government, and expenditures may be brought to balance with receipts be introduced throughout the country;

5. That particular stress be laid on the work of the Ministry of Finance and financial departments of the local government to exhaustive industries and establishing farmers and laborers' banks; and.

6. That a great portion of the income from the tobacco and wine stamp tax of central government together the entire portion of the tobacco and wine trade mark tax be appropriated to the local government to cover their financial shortcomings that may result from the abolition of various miscellaneous taxes.

Wang Ching-wei Asks That Resolutions Be Carried Out

"Live up to the trust of the conference by faithfully carrying out its resolutions" was the final urgent advice imparted to the conference delegates by Wang Ching-wei, president of the Executive Yuan and concurrently minister of foreign affairs, in an address delivered at the closing ceremony of the conference.

Tai Chi-tao, president of the Examination Yuan, another speaker at the closing ceremony, injected a humorous note when he said in his speech that the main aim of the conference is to "get rich quick." He also advocated the slogan of "down with those who impose heavy taxes." He also called those officials who impose heavy taxes as "executioners of the poor people" and advocated the slogan of "down with them."

Dr. H. H. Kung, minister of finance and chairman of the conference, in an earnest speech said that despite the short period of seven days, the Conference was able to pass about a hundred resolutions. He emphasized the idea made in his opening speech that the mission of the Conference was not only to discuss the financial problems but also to consider measures for their execution with a view to saving the country from bankruptcy. "We have conferred; we have decided. Now we shall wait and see whether we shall carry out the decisions." Continuing, Dr. Kung pointed out that the posts of minister of finance and chiefs of finance bureaus involve not merely the task of accountancy and that the Finance Ministry and Bureaus are more than machinery for collecting revenues and making disbursements. Being financial executives, they have the responsibility of deciding and carrying out the financial policy of the government. "Taxes must be collected, but we must see to it that burdens must fall upon where they can be borne. We must not resort only to the farmers as the way of least resistance, we must consider, their livelihood. Taxes must be universal, equitable and fair and tax accounts should be open to public examination. Financial problems of a locality, be it a hsien (district), municipality or province, must be taken into consideration as a whole. Receipts and expenditures must be made to balance. There must be not only a budget on paper but a budget that is adhered to." Concluding, Minister Kung said that the money in the treasury is the money of the public and must not be regarded in such a way as to practice favoritism in disbursements.

Dr. H. H. Kung Explains Readjustment of Taxation

Dr Kung replied to an inquiry from the press representatives that, in view of the decision of the Conference to allocate the receipts of Stamp Tax and Wine and Tobacco Tax to local Governments, what remedial measures will be taken by the Central Treasury in case of deficits? Dr. Kung said that the decision was made as a measure for the relief of the finances of local Governments and a manifestation of genuine co-operation between the Central and Local Governments. As these taxes have been allocated to the local Governments, the latter would be in duty bound to assist the Central Government in case of need. He said that if proper readjustment of these taxes can be effected, receipts will naturally increase. This will not only help to meet the local expenditure, but will also aid in the carrying out of reconstruction projects. As regards the retrenchment of unnecessary expenses and opening of new financial resources, the Central financial authorities would devise comprehensive measures to deal with them.

After a heated debate, during which Minister Kung pronounced the rates as too high, the meeting adopted the proposal of Chang Shou-yung that a "6 per cent tax on sales of land and 3 per cent on mortgages" be made the *maximum* standard. Rates higher than this standard should be reduced; those lower should remain. Surcharges on the Title-Deed Tax should not exceed half the regular tax. A fee of 50 cents each will be charged for official titledeed forms, whether for sales or for mortgages.

Besides petitioning the National Government to issue a Mandate abolishing the exorbitant taxes, the Government authorities will, as from the date of the close of the Conference, no longer permit the levy in future of any illegal taxes and levies. As a fundamental means of completely abolishing the exorbitant taxes in the country, it is stipulated that a period of six months, beginning, from July 1 to December 31, 1934, will be fixed for the gradual cancellation of the levies. Minister Kung, in elucidating the reasons behind the proposed abolition, said that the financial burden of the people has assumed such proportions that any further taxation would be intolerable. All exorbitant and miscellaneous taxes must, therefore, be abolished in their behalf, he said

A proposal for unifying the Salt revenues in the various provinces made by Chen Chang-heng. was adopted. A proposal

regarding the readjustment of local finances and abolition of exorbitant levies and miscellaneous taxes was unanimously adopted.

Writing for the *Chekiai* News Agency, C. Kuangson Young said that the keynote of the Conference was rationalization of China's local tax and budgetary system. The lack of coordination between the District (Hsien) and Provincial Governments and between the Provincial and National Governments in the collection of taxation, in the distribution of expenditures and receipts, and in budgeting and financing in general has been the influence of hindrance and stagnation, resulting in a sluggish and inefficient financial system. As the National Government has been striving towards a sound and rational budgetary system, so one of the main aims of the Financial Conference was to introduce such a budgetary system for the districts (hsiens), municipalities, and provinces.

Sixty proposals were submitted to the Conference. At the first Plenary Session in the the afternoon of May 22, these proposals were divided among the proper committees. Said proposals covered an extremely wide field of subjects, from the principal one of "Readjustment of Local Taxation" submitted by the Minister of Finance himself, to such subjects as the "Provision of a Special Fund for Sinkiang Provincial Financial Rehabilitation" and the "Hsien Budgetary System in Hupeh."

Business Tax on Foreign Firms Proposed

The main subject of discussion at the afternoon session May 24 was regarding abolition of exorbitant levies and miscellaneous taxes. Another important subject occupying attention of the session was the proposal of imposition of a business tax on foreign firms as submitted by the Department of Finance of the Shantung Provincial Government. It was pointed out that it is only equitable that a foreign business tax should be imposed, since Chinese business is being taxed. A resolution was passed that the Ministry of Finance be requested to decide upon measures to improve the business tax system and simultaneously the Ministry of Foreign Affairs be requested to proceed with negotiations. The parcel-post transit dues were abolished by a decision of the Conference, income therefrom amounting approximately $11,800,000 yearly.

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Resolution Passed to Probe I. S. S. Books

An emergency proposal was adopted in principle May 26 urging a strict government restriction on the business activities of the International Savings Society and L'Epargne Franco-Chinoise, two French concerns with head-offices in Shanghai. In his speech explaining the proposal, Ma Ching-yu said, according to figures he and his co-proposers had in hand, the International Savings Society since its inception some 22 years ago had collected a grand total of $60,000,000 in the form of savings from people in China, the overwhelming portion of which is Chinese. While the L'Epargne Franco-Chinoise is a little smaller than the I. S. S., it has also succeeded in collecting more than $30,000,000 from depositors, also predominantly Chinese of the hand-to-mouth classes, Mr. Ma declared. The success of these French savings companies is largely due to the inducement of prizes they offer to their depositors. Mr. Ma alleged that both these firms are lacking in solid securities despite the huge amount of cash flowing into their coffers. In addition, they are not subject to the restrictions of the Chinese authorities which puts the Chinese depositors to great disadvantage insofar as protection and security is concerned. After having pointed out the absolute necessity of instituting regulations for a closer watch on then activities. Mr. Ma suggested that these two savings societies be ordered by the Ministry of Finance to cease taking in any more new members or depositors, and that the ministry begin a probe into the accounts and business conditions of tne two firms.

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The following is a list of the proposals submitted to the National Financial Conference at the first day's session:—

1. Readjustment of local taxation—By Finance Minister Kung.
2. Regulations governing land declaration for taxation—By Finance Minister Kung.
3. Readjustment of the Farm tax in Fukien—By the Fukien Finance Department.
4. Readjustment of the Farm Tax—By Kansu Finance Dept.
5. Readjustment of the Farm Tax—By four technical members of the National Finance Conf.
6. Plan for Fundamental Land Readjustment in China—By Kiangsi Finance Dept.
7. Plan for flotation of a bond issue for the purpose of effecting readjustment of the Farm Tax—By Kiangsi Finance Dept.
8. Application of the Increased revenue consequent on the readjustment of the Farm tax to meet the expenses of the hsien (district) military police forces—By Anhwei Finance Dept.
9. Reduction of farm surtaxes according to measures laid down by the Ministry of Finance—By Fukien Finance Dept.
10. Taxation of definite amount of expenses for the various organs of each hsien according to its grade or population and establishment of a uniform land surtax rate for all hsiens and of a uniform set of regulations for the collection of the surtax—By Shantung Finance Dept.
11. Abolition of all kinds of farm taxes with the exception of the provincial regular tax and the hsien surtax—By Shantung Finance Dept.
12. That land should be taxed according to its value and the existing regular tax and miscellaneous surcharges on land should be abolished and that the proceeds of the new land tax should be equally divided by the Provincial and the hsien governments—By Hunan Finance Dept.
13. That land value tax should be instituted as an experiment in the centers in every province—By Shantung Finance Dept.
14. Substitution of a land value tax for the existing farm tax—By Salt Revenue Commissioner of Huai-Nan district.
15. That farm tax should be totally exempted instead of merely postponed in the years of dearth—By Shantung Finance Dept.
16. That the sea-bordering land which was formerly used for growing grass to supply fuel in making salt and is now being employed for cultivation as other land not to pay any tax imposed by the Salt Gabelle—By Chekiang Finance Dept.
17. That the miscellaneous taxes and imposts should be abolished by the provincial Governments with a view to the rehabilitation of the depressed cotton industry—By National Economic Council.
18. That the existing business tax on cotton piece goods sold at the branch offices of the various cotton mills should be abolished with a view to fostering the cotton industry and to eliminating sources of disputes—By National Economic Council.
19. That the interport duty on parcels should be abolished—By Ministry of Communications.
20. That measures should be taken to impose business tax on foreign establishments operating in China—By Shantung Finance Dept.
21. That the present rate of the title-deed tax in every province shouldl be reduced—By Shantung Finance Dept.
22. That the Fines prescribed in the regulations governing be reduced—By Hopei Finance Dept.
23. That the local surcharge on the wine and tobacco taxes should be abolished—By Internal Revenue Administration.
24. That any goods on which consolidated tax has been imposed and paid should not be subject to further taxation by the local authorities—By Internal Revenue Administration.
25. Revenue adjustment policy to be effected in Hupeh after the abolition of the miscellaneous taxes and imposts in that province—By Hupeh Finance Dept.
26. That imposition of salt surtaxes by local authorities should be strictly prohibited—By Honan Salt Distributors Bureau.

T. V. Soong, former Minister of Finance and now a director of the National Economic Council, who has just returned from an inspection trip to the Northwest. The picture is a photographic reproduction of a recent painting of Mr. Soong by Ernst Linnenkamp, German artist.

27. Abolition and consolidation of existing miscellaneous taxes and imposts under a new business tax system—By Lie Kwei-tu, Technical member of the conference.
28. Revision of the present business tax law—By Chekiang Finance Dept.
29. That the imposition of salt surcharges in Anhwei should be prohibited and that the methods of collecting the salt tax should be imposed—By Anhwei Salt Revenue Commissioner.
30. That the brokerage dues charged on cotton by the Tientsin Municipal authority are of the nature of likin and should be abolished—By National Economic Council.
31. That the standards for the separation of the National and local revenues and expenditures should be revised—By Anhwei Finance Dept.
32. That the expenses of judicial establishments should be appropriated directly from the National treasury—By Chekiang Finance Dept.
33. That the collection and payment of national revenues in Kansu should be administered directly by the Central Government—By Kansu Finance Dept.
34. Separation of the Provincial and hsien (district) taxation, unification of local tax collectorates and abolition or consolidation of the existing miscellaneous dues and imposts—By Tang Chi-yu, Technical members of the Conference.
35. Plan for improvement of the hsien budgetary system in Hupeh—By Hupeh Finance Dept.
36. The receipts and disbursements in every province should be centralized in the hand of the provincial government—By Hunan Finance Dept.
37. Institution of local budgetary system—By Directorate of Budget, Accounts and Statistics of the National Government.
38. That local budgetary system should be instituted with a prescribed time limit and that the outlay of a local unit should be regulated by its revenue—By Anhwei Finance Dept.
39. That further imposition of taxes by any hsien government after the adoption of its budget should be strictly prohibited—By Shantung Finance Dept.
40. That subvention should be granted by the Central Government to those provinces whose revenues show considerable decrease after the reduction of farm surtaxes and the abolition of miscellaneous charges and imposts—By Anhwei Finance Dept.
41. That land banks should be instituted with a view to improving the credit facilities in the rural districts and that a protective tariff should be applied to imports of agricultural products—By Shang Nei-chi, technical member of the Conference.
42. That the finances of the Central and local governments should bear support to one another with a view to achieving a pari passu development—By Anhwei Finance Dept.
43. That the central government should grant a subsidy to the Anhwei Provincial Government to supply the deficiency of reconstruction expenses for the 23rd fiscal year—By Anhwei Finance Dept.
44. That the universities established and heretofore maintained by various provincial governments should be put under the administration of and entirely maintained or subsidized by the Central Government—By Anhwei Finance Dept.
45. That the inheritance tax be instituted and the existing taxes on tobacco and wine be raised and the increased revenue should be used as capital for new banks to be established in the large hsiens and towns to extend agricultural and commercial loans—By Anhwei Finance Dept.
46. That a fund should be provided for the purpose of effecting a financial rehabilitation of Sinkiang province—By a representative of Sikang people in Nanking
47. That a revision of the existing commercial treatics with Great Britain, United States and other nations should be negotiated—By Tsai Kwang-fei, counsellor of the Ministry of Finance.
48. That the establishment of local banks by the provincial and municipal governments with the consent of the Central authority should be strictly prohibited—By Tsai Kwang-fei.
49. That the native tobacco of Kansu should be incorporated under the Seven-Province Special Tax District—By Kansu Finance Dept.
50. That the self-government expenses in the various hsiens should be reduced with a view to lightening the burden of the people—By Shantung Finance Dept.
51. That a fund should be provided by the Central Government for the purpose of opening the coal and iron resources in Kweichow province—By Kweichow Finance.
52. That the Central Government should order the Kwangtung and Fukien Provincial authorities to impose an import duty on foreign rice—By Anhwei Finance Dept.
53. That the Finance Bureau should be established in every hsien in order to centralize the receiving and disbursing operations to facilitate the adoption of local budget—Fukien Finance Dept.
54. That the miscellaneous dues and imposts in Kansu should be abolished and that the Central Government should grant a subsidy to the Kansu Provincial Governmentn to make up the loss of revenue consequent on the said abolition—By Kansu Finance Dept.
55. That inheritance tax should be instituted according to the plan adopted by the National Finance Conference held in 1928—By Shantung Provincial Govt.
56. That communication between Kalgan and Urga should be restored—By Charhar Finance Dept.
57. That miscellaneous taxes and imposts should be abolished immediately—By Chang Shao-yung, technical members of the Conference.
58. Plan for establishment of People's Banks in the various hsiens—By Chang Shao-yung
59. Plan for land readjustment—By Chang Shao-yung.
60. Plan for gradual reduction of the existing farm surcharges—By Chang Shao-yung.

Japanese to Loan $5,200,000 to Reorganize Suiyuan Line

The Ministry of Railways published a statement May 27 confirming the conclusion of an agreement for a Japanese loan of $5,200,000 for the reorganization of the Peiping-Suiyuan Railway. The Ministry stated that "the Peiping-Suiyuan Railway on April 25, 1934, reached an agreement with the Japanese Oriental Development Association for the loan, which has been approved by the Ministry." The Ministry, however, emphatically denied the report that the loan had any connection with the Nishihara loan.

American Wheat Loan Funds to Complete Canton-Hankow Railway

The Ministry of Railways, in a petition to the Executive Yuan, requests that the National Economic Council be asked to remit the sum of $5 millions from the proceeds of the American What and Cotton Loan, for completion of the Canton-Hankow Railway. This appropriation has been approved by the Central authorites. The Executive Yuan has instructed the Ministries of Railways and Communications to cooperate with the N. E. C. in determining the procedure for allotment of the fund.

Chinese Industrialists Ask Reduction of Import Duty on Rayon

Representatives of the China Industrial Association visited the Executive Yuan and the Ministries of Industry and Finance May 24 asking for a reduction of the import duty on rayon in order to reduce the cost of Chinesemade artificial silk piece goods.

A set of measures for relief of the silk factories and silk workers in Shanghai has been mapped out by the Ministries of Industry and Finance and approved by the Executive Yuan. It is provided that local silk levies on the factories be abolished. The Ministries of Communications and Railways will be asked to reduce the transportation charges on silk.

The North China Cotton Investigation Mission, organized by the Cotton Control Committee of the National Economic Council, arrived in Tsingtao May 22 from Weihsien, eastern Shantung. Tung Lu-ching, head of the Mission, said in an interview that great progress has been made in the textile industry in Weihsien. There are more than 100,009 spindles in that district and the annual volume of business totals some $70 millions.

Chinese Railways Pay Loan Obligations to B. & C. C.

A total of $1,792,569,10, towards amortization of the loan obligations of the Nanking-Shanghai and Shanghai-Hangchow-Ningpo Railway Administrations, has been remitted to the British and Chinese Corporation, Ltd.

Work on the roadbed on the Lokchang-Tashihmen section of the Canton-Hankow Railway in northern Kwangtung having been completed, rails will be laid during this month. It is also learnt that an express service will be operated on the Canton-Lokchang section of the line on August 15, so as to speed up communication with northern Kwangtung.

Construction work on the projected Shanghai-Wusih Highway is to be completed before June 15, An agreement for financial cooperation in the operartion of an omnibus service on the route has been signed by Shen Pai-hsien, Provincial Commissioner of Reconstruction for Kiangsu, with representatives of the Preparatory Committee for the Highway, which consists of Mayor Wu Te-chen of Greater Shanghai, Wang Hsiao-lai, Chairman of the Shanghai Chamber of Commerce, Yu Yueh-sheng, prominent resident of the French Concession, Shanghai, and several industrial leaders.

The motor road from Suiyuan to Tihua is to be once more opened to traffic, now that fighting in Sinkiang has ceased. Several omnibuses, commandeered by General Ma Chung-ying, have been returned and a motor caravan was due to start from Suiyuan for Tihua May 26.

The National Economic Council, in a telegram to the Hunan Provincial Government, requests that special efforts be made to complete as soon as possible all Hunan sections of the Nanking-Kweichow, Loyang (Honan)-Shiuchow (Kwangtung), and Yunnan-Kwangsi Inter-Provincial Highways.

Navigation Loan Proposal Turned Down

The Ministry of Finance has rejected the proposal made at the last National Navigation Conference that the Government should issue a loan of $10,000,000 for the development of nagivation enterprises, using the proceeds of tonnage dues as security.

The Yangtsze River Commission states that over 100 dykes at more than 40 districts along the river, are in a precarious condition. It is urged that the Ministry of Interior be instructed to order the various District Governments to take preventive measures against the floods.

In view of the importance of rehabilitating the Yellow River Valley in southern Hopei the Yellow River Conservancy Board is despatching Wu Yen-lin to assist the local authorities in the engineering work.

The Executive Yuan has written to the National Economic Council asking for the allotment of a suitable sum for the construction of wharves in Weihaiwei

The Executive Yuan May 25 adopted a set of general principles regarding the reduction of export duties on Chinesemade products. These general principles have been submitted to the Central Political Council for consideration.

Imports of foreign rice into China have declined since the imposition of an import duty on rice earlier this year, declared Ku Hsin-yi, a prominent local rice merchant, when interviewed by the *Centaal News Agency* May 26. The present duty on rice is about $3.20 Chinese currency per picul of 150 catties.

Under the auspices of the Shanghai Native Goods Travelling Exhibition for the North-West, a fair was opened in Kaifeng May 29 and will continue for a fortnight. General Liu Chih,

(*Continued on page 30*)

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The Shanhaikwan-Peitaiho Conferences in the Present Scheme of Things

BY C. Y. HSIEH (謝志転)

SHANHAIKWAN, the scene of conflict between China and Japan at the opening of 1933, is once more the focus of political searchlight—this time, however, not by virtue of its strategic and military position, but because it stands as silent witness to Sino-Japanese pourparlers which, though ostensibly represented as having been held over trivial matters, might yet have involved momentous issues.

Regarding the conferences, facts are too scanty and too slow in trickling through the press ban that must have been jealously maintained over the meetings, to allow of a detailed and accurate report. But from what have appeared in the local Chinese and foreign dailies, an attempt of following their proceedings may still be made with a fair proximity to truth.

To begin with, the negotiations at Shanhaikwan did not come as a surprise to anyone who has kept a close track on the trend of recent events. He knew what mission it was with which Mr. Ariyoshi went back to Japan on home leave, having in the course of time been acquainted with the Japanese Minister's advice to the Tokyo Foreign Office to adopt a "duck" policy vis-a-vis China. (The "aquatic bird," as Mr. Ariyoshi extolled it, displays a serene and stately mood above the water, the while busily paddling underneath it, thereby making steady advance). He could almost anticipate the story that General Huang Fu has been kept in the South by a "nose ailment," And he need not be over-sensitive to attack much significance to the Tokyo sojourn of Wang Yi-tang, a prominent member of the Political Readjustment Council in Peiping. Aware of efforts being made on almost every angle for Sino-Japanese negotiations, he only feels piqued that nothing has been done in North China—whose situation would be directly affected by such negotiations.

But now, at long last, the cat is out of the bag. Under circumstances that suggest unclean conscience on the part of the negotiators—that is, anxiety of the Chinese delegates to avoid incurring hostile public opinion on the one hand and the desire of the Japanese to rush through the game unnoticed on the other—the conferences were gathered and dispersed.

The first inkling of what was to happen was contained in a *Reuter* dispatch of May 14 which stated that according to information from local Chinese circles, a Sino-Japanese conference would be held at Tientsin that afternoon on the question of the withdrawal of "Manchukuo" police from Nantienmen, south of Kupeikow. By this time Yin Ju-keng, Administrative Inspector for the Chihsien-Miyun district, and Colonels Shibayama and Matsui, Japanese Military Attache in Peiping and Director of the Japanese Military Mission at Chength, respectively, had already been in Tientsin negotiating for the settlement of the socalled "Chihsien incident". Since these men were to represent China and Japan, it would seem that the conference was actually to be held at Tientsin, the seat of the Hopei provincial Government. Instead of this, however, they journeyed one after another to Shanhaikwan to which place Yin Tung, Managing Director of the Peiping-Mukden Railway, also repaired— a fact which not unnaturally started much speculation. There, shrouded in utmost secrecy and free from the intrusion of press agents were held two conferences.

Those participating were, on the Chinese side, Yin Tung, Managing Director of the Peiping-Mukden Railway, Messrs. Tao Shang-ming and Yin Ju-keng, Administrative Inspectors for the Luantung and Chihsien-Miyun districts respectively. In addition Cheng Pao-chao and a group of subordinate officials of the said railway left Tientsin for Shanhaikwan on May 15 in answer to a telegraphic summons from Yin Tung.

The Japanese military men who had converged upon Shanhaikwan were headed by Colonel Shibayama, Japanese Military Attache in Peiping. Major Giga, head of the Kwantung Army's Special Mission at Shanhaikwan, and Colonel Matsui, who occupies a similar position at Chengteh, were on the spot. Of much greater importance was the presence at the Walled City of Mr. Ohta, of the South Manchuria Railway and the Shanhaikwan-Mukden Railway, and his staff.

The main item on the agenda of the conference was ostensibly the withdrawal of Japanese-"Manchukuo" forces from areas within the Great Wall. The Chinese authorities were reported to have declared flatly that the question of China's postal blockade of "Manchukuo" could not be touched upon at present, although the Japanese were anxious to bring forward this question. In the preliminary jockeying concerning the agenda, the Japanese contended that the restoration of through traffic and of mail service were provided for in a verbal annex to the Tangku Armistice of a year ago. The Chinese negotiators retorted that the provision for the withdrawal of the Japanese-"Manchukuo" troops was an integral part of the written terms of the Armistice, hence it should be carried out without reference to the other question.

There are, however, two versions on the story of the conferences held. One has it that the two conferences all took place at Shanhaikwan, while the other maintains that one conference met at Shanhaikwan and another at Peitaiho.

According so a *Reuter* dispatch dated May 15, the first conference was held at 5 o'clock on the afternoon of May 14 in the Materials Factory of the Peiping-Mukden Railway at Shanhaikwan. It was understood that the questions discussed included the maintenance of peace and order in the demilitarized zone, the withdrawal of the "Manchukuo" police and the stationing of Chinese special police, and also various "communications questions" in the demilitarized zone. The conference lasted until 8 o'clock in the evening—when Yuan Tai, the Magistrate of Shanhaikwan, entertained the visiting delegates.

The second conference was held at the same place in the morning of May 15, concluding at noon. Shortly after tiffin the various delegates began to leave. Colonel Matsui and his assistant departed for Chengteh at 2 o'clock by air, while Yin Tung left for Peitaiho at 1 o'clock. Messrs. Yin Ju-keng and Tao Shang-ming and Colonel Shibayama left by the same train for Tientsin and Peiping.

But much of this *Reuter* story was contradicted by a later, and to our mind less vague and more faithful, version which was derived from local "well informed" circles. It appeared from this that a preliminary meeting of the Chinese and Japanese negotiators took place at Peitaiho in the afternoon of May 14 during which the aforementioned jockeying over the agenda must have arisen. As a result of their insistence, the Japanese gained their point of making the discussion of the various issues pertaining to the demilitarized zone conditional upon the settlement of the questions of through traffic and postal communications. Then it was that Yin Tung, Managing Director of the Peiping-Mukden Railway, made arrangements to have a conference with Mr. Ohta, of the South Manchuria Railway and the Shanhaikwan-Mukden Railway. Establishing their contact through telegrams, both delegates simultaneously started to converge on Shanhaikwan on their special trains at the small hour of 1 a.m. of May 15, the former proceeding from Chingwantao and the latter from Chiensu, outside the Wall. They met at the historic pass of Shanhaikwan at 2 a.m. that morning. There, with all attendants dismissed and closeted behind bolted doors in a coach on Yin Tung's train, which was heavily guarded, commenced the first and for our purpose the only coference of importance, between Messrs Yin Yung and Ohta. The conference lasted for 8 hours, terminating at 10 a.m. of May 15. This apparently made possible the continuation of negotiations at Peitaiho, that afternoon, on various problems relating to the demilitarized zone—questions which were easily disposed of now that the Japanese had got their bargain.

Formulas Reached at Yin-Ohta Conference

It was revealed that the following formulas had been reached at the Yin-Ohta conference concerning the through railway traffic and the postal communications :

(1) An international travel bureau or a Sino-Japanese tourist agency will be established at Shanhaikwan with competence to operate the through traffic on the Peiping-Mukden Railway. Such an organization, according to some reports, will come into being in the beginning of June.

(2) In pursuance of the non-recognition principle, while all the outgoing mails from China to Manchuria continue to bear Chinse stamps, the incoming mails from Manchuria to China shuld bear Japanese instead of "Manchukuo" stamps.

Other decisions were reached at the Peitaiho conference concerning the issues involved in the demilitarized zone, the Japanese expressing their Platonic hope that they will be carried out within one month. But since these questions were posed primarily for goads and pin-pricks, it is not necessary to go into the detailed arrangements for their solution.

It remains to be conjectured how far the outcome of these conferences will affect the outlook of Sino-Japanese relations. After

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drafting the modus vivendi the negotiators on both sides had given each other to understand that it must be submitted to their respective governments for approval. For this purpose Yin Yung has already left for Nanking to render a report to the Central Authorities, What measure Nanking will take anent these issues it is still too early to say. But certain it is that the formulas reached at Shanhaikwan this time were couched, thanks to the master minds of Messrs. Yin and Ohta, in very palatable terms—which may lead Nanking to a virtual acquiescence, but which, be it warned, are sugar coats on a dangerous pill.

It may be noticed that in the arrangements on through railway traffic the negotiators had recourse to the good office of a "third party." Who is this "third party"? At first a vague "international travel bureau" was mentioned. Later this turned out to be a Sino-Japanese tourist agency. But now it transpires that the agency is none other than the South Manchuria Railway writ mild. Travellers from beyond the Wall have brought the news that the cars on the Shanhaikwan-Mukden Railway now bear the insignia of the S. M. R. which, moreover, has already established an office at Shanhaikwan. It seems that the hydra-headed monster ensconced at Dairen, which has sucked Manchuria of its life blood is now moving westward, disdainful of the Wall that should bar the divine-ordained Yamato race from another promised land. In this connection one cannot learn but with alarm that the so-called Sino-Japanese tourist agency will open branch offices at Peiping and Tientsin within the Wall as well as Mukden and Chinchow outside of it. At present the "sincerity" of the Chinese authorities is put to test by Japan's demand for virtual control of the railways running all the way from Dairen to Peiping. But the day is not far off when the same "sincerity" will be invoked for the extension of such control southward to Tsinan and Shihchiachwang and westward to Kalgan and Kweihua. For, once the dyke is broken through, there is no telling where the inundation will stop.

The danger in connection with the restoration of postal communications lies less in the present formula, unsatisfactory as it is, than in what Japan has got up her sleeve to be let out at an auspicious moment. It is her ambition to cast an extensive net of airmail lines throughout North China with a view to their ultimate political and military implications. Such she intends to be the nemesis of China's efforts at building an adequate aerial defence on the one hand and on the other a menace to the frontiers of the U. S. S. R.

Peiping, May 23, 1934.

Dishonest Chinese Officials Suspended from Office by Disciplinary Committee

Judgment in three further impeachment cases against judicial officials was rendered at Nanking last week by the Committee for the Disciplinary Punishment of Public Functionaries.

Li Yuan-chiao, District Judge of Nanpi, Hopei, having been found guilty of desertion, is to be dismissed from office and suspended from Government service for a period of two years.

Ma Chung-chi, District Judge of Changhua, Chekiang, having been found guilty of negligence in official duty, will be given one demerit.

Hsien Fu-tzu, Warden of the Prison attached to the Second Special District of Shanghai (French Concession), having been found guilty of maltreatment of prisoners and corruption, is to be dismissed and suspended from civil service employment for two years.

An impeachment has been brought against General Liu Chen-hua, Chairman of the Anhwei Provincial Government, by Messrs. Chou Li-sheng and Yang Liang-kung, members of the Control Yuan, for ignorance of civil administration, lack of decision, violation of law and usurpation of power, and disregard of civilian lives. Deputies have been sent by the Control Yuan to various parts of Anhwei to investigate. The National Government will be petitioned to mete out appropriate punishment should the charges be substantiated.

The Crushing Tax Burden of the Chinese Farmers

BY C. Y. W. MENG (孟長渭)

IN a spacious and beflagged hall within the campus of the Ministry of Finance, before an audience of no less than 200 people, consisting of leaders in the indusrial and commerical realm, economists, financiers and bankers of national reputation, and under the chairmanship of Dr. H. H. Kung, the Minister of Finance, one of the most able leaders in the country, the Second National Finance Conference was held to discuss many of the financial problems of the day. The Minister, in his opening speech, tells the audience that the Conference is held not for the purpose of raising more revenues for the Government, but he characterized the Conference as a "Salvation Conference," obviously meaning that China today is actually facing a crisis which for the lack of a more appropriate term might be called "economic suicide," and that the farmers who constitute 85% of the Chinese population, or the "back-bone" of the country, are in the most miserable state and in great financial distress—which should have our close attention—and that the real salvation could only come from the adjustment and improvement of the condition of the farming industrial and commercial classes, and from the abolition of exorbitant and miscellaneous taxes. As pointed out by the Minister, the Conference is to discuss the rehabilitation of rural districts and thorough reform of land taxes, land surtax, etc., and to find out ways of raising the money from the people, but without doing any harm to them.

A resolution was introduced to the Conference which called for (1) the readjustment of the land tax, (2) reform of the local tax system, (3) abolition of exorbitant and miscellaneous taxes, and (4) determination of the local budgetary system and the methods for its enforcement. Four committees were organized to discuss and study these four big problems respectively.

At the outset, it seems as if the Conference has confined its scope to the reform of the local finance only, but not so with the central finance. As a matter of fact, as the problem facing us is so wieldy and complicated, and as the time of the Conference is so limited, we prefer the Conference to devote itself to discuss and study certain portions of the problem rather than taking up so many problems at one time, but without a thorough discussion of any the problems, and without coming to some definitive conclusion, which would result in an improvement of the situation. The First National Finance Conference resulted in the demaracation between the local and central revenues and taxations, which is very important indeed. We hope, the Second National Finance will result in great reform in the local finance, which will help greatly to relieve the sufferings of the masses.

The Land Tax Systen

The Chinese land tax system, which has been in existence for thousands of years not only represents typically a system of the feudalistic age, which should not exist nowadays, and which is entirely incompatible with the general principles of public finance of the modern world, but also is an old system which does harm to both the taxpayers (farmers) by causing them to be practically bankrupt, but also does harm to the Government by setting up a great obstacle for the economic development of the country. The present land tax system, as the most observers characterize it, is virtually a "robbery" by the govenment of whatever income the hard-working farmers may have. It is not a tax in the sense of public finance, but a forced "tribute" paid by the people to the Government under the old feudalistic system of the mediveal period.

The Land Tax—Its Increase

In every country in the world, the percentage of the land tax when compared with the total national receipts has been decreasing yearly. The land tax for Italy in 1814 was 11.7% of the total annual receipts. But in 1907-8, it decreased to 4.5%. The land tax for Japan in 1875-6 was 79% of the total annual receipts. But in 1919 it decreased to only 12.2%. But the case in China is just the reverse. In 1913-14, the land tax was about 10% of total national receipts. But in 1916, it increased to 20%.

The rate of land tax in China, as pointed out by Wagner's statistics, is the highest in the world. The rate is 15 times higher than the Prussian farmers used to pay; four times higher then the American farmers; and 14 times higher than the Indian farmers. These statistics were published about five years ago. The present rate of the land tax must be higher than it was five or six years ago. So the Chinese farmers must pay more taxes than the foreign farmers do.

In 1902, it was calculated that the land tax per mow (about one-sixth acre) of best cultivable land in the country was about $0.40 (Chinese currency). When we take $0.40 per mow as the standard, we shall see that the rate of the land tax has been increased greatly during these 30 years.

During these 30 years, the rate of the land tax has increasel fom 3 to 12 times. Despite the repeated orders and efforts of the National Government for decreasing the land tax, the rate is still increasing. According to the Report of the Central Agricultural Experimental Station attached to the Ministry of Industries, which is doing good work in making a preliminary study of the rural conditions thoroughout the country, and which made a study of the condition of the farmers in 687 hsiens in the country, it comes to the conclusion that the tax burden of the farmers is increasing and not decreasing. The following is a summarized table showing the increase in the land tax during recent years.—

Land Tax Expressed as a Percentage of the Land Value

(Land value—100)

Years	*Tax for paddy land*	*Tax fot level land*
1931	2.07%	2.36%
1932	2.37%	2.50%
1933	2.68%	2.80%

It will be seen that the burden of the Chinese farmers in the paddy land in 1933 in comparison with the year 1931 is increased by 30%, while to farmers of the latter case in the same year it increased by 20%. According to the same report, it is calculated that the expenditure for an average farmer per year is $52, but it is also calculated that his income is only $42, leaving a deficit of $10.

The Land "Surtax"—It Increase

The land tax is already burdensome and harmful enough to the farmers. But, beside the land tax, or generally known as "basic" or "legitimate tate tax," there is the so-called land "surtax." The origin of the surtax is somewhat as follows: According to the order handed down by the former rulers of the Manchu Dynasty, there should be no increase in the land tax. But in order to raise more revenue, particularly after the Boxer Uprising, when China had to pay a huge indemnity to the powers, the land surtax was invented and has since been in force. Statistics published by the Central Agricultural Experimental Station show, that the land surtax for 1912 for the paddy land ranges form 41% to 117%, for level land from 44% to 111%; for hilly land 54% to 97%. For 1933, the surtax for the paddy land ranges from 86% to 173%; for level land 83% to 164%; for hilly land 81% to 156 %.

According to "The Monthly Statistics" published by the Legislative Yuan (Vol. 3 Nos. 1, 2, &3.) there are about 50 kinds of land surtax. Just to speak of the surtax in the Province of Kiangsu, where the National Capital is situated, it is said that in some hsiens, the surtax is about 25 times higher than the basic or legitimate land tax. Practically every reconstructive project in the district is financed through the levy on the farmers, and the levies are so numerous that Dr. Hu Shih, a philosopher of international reputation, at last broke his silence and advised the Government not to go on with further reconstruction work until it had enough funds and men.

A large portion of the surtax goes for the maintenance of the so-called local Protection Corps. Some portion is for "administrative expenses."

The portion of the surtax which goes for the agricultural reforms for the benefit of famers is very small, if not altogether nil. In one hsien, it is reported that the total annual receipts are about $110,000; $20,000 for the administrative expenses for the up-keep of the officials; about $4,000 or $5,000 for education; about $6,000 for local self-autonomy office, which, to put it in other terms, is also for the up-keep of the officials. About $50,000 is for the maintenance of local production corps. About $20,000 for other expenses. Only $2,000 for agriculture and forestry reforms!

Taxes Collected in Advance

In addition to the above evils, there are many more. The local authorities are allowed to collect taxes many years in advance. The Province of Szechuen is a good example of this abnormal state of affairs, as the following table will show:—

Taxes Collected in Advance in the Province of Szechuen

Under General	*Taxes when collected*	*Taxes when due*	*Years in Advance*
Liu Shen	1932	1956	24 years in advance
Yang Sen	1932	1956	24 "
Li Chi hisang	1932	1956	24 "
Tang Sih-hou	1932	1956	24 "
Liu Wen-hui	1932	1963	31 "
Tien Sin-hui	1932	1965	33 "
Liu Chen-hou	1932	1972	40 "

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What is true in the Province of Sezchuen is also true of other provinces, as the following table will show:

Taxes Collected in Advance in Other Provinces

Provinces	Taxes when Collected	Taxes when due	Years in advance
Hopei	1929	1930	1 year in advance.
Tientsin	1929	1920	1 ,,
Shansi	1929	1930	1 ,,
Shantung	1929	1930	1 ,,
Fukien	1930	1931	1 ,,
Changchow (In the Province of Fukien)	1929	1941	12 years ,,
Hunan	1930	1931	1 year ,,
Hupeh	1931	1932	1 ,,
Kwangtung	1931	1933	2 years ,,
Honan	1930	1935	5 ,,
Anhwei	1930	1936	6 ,,
Shensi	1931	1938	7 ,,

As to other provinces, we do not have reliable information at hand.

Many Other Illegal Taxes

(1) Besides many forms of land surtax, there are many other illegal taxes, such as "Rated Contribution" or "Apportioned Tax" (攤派). Unlike the land tax or land surtax, which are expressly provided by the local orders, or sanctioned through long custom, the Rated Contribution or apportioned tax has no definite rate nor definite time of collection. Whenever the anthorities wants money, they merely ask the people to pay. A small and poor hsien like Swanhwa (宣化) in the Province of Hopei had to pay $1,400,000 in a couple of months:

(2) Indeed, Likin was abolished several years ago. But in order to make up the losses, many other forms of taxes in the same form as likin, but different in name came, into existence, such as Production and Consumption Taxes, Grain Tax, Transit Tax, Excise Tax, etc.

(3) According to the statistics in the annual report of the Industrial Bank in Shanghai, since 1929, the loans issued by the provincial and municipal authorities thoroughout the country amount to no less than $204,000,000. The provincial governments just dash out the instructions to the hsien governments to ask the people to subscribe the loans, and the latter, in turn, give instructions to the district-heads to ask the people to do the same. These heads merely pass the loans to the local gentries who at once ask ignorant farmers to subscribe to the loans. Worst of all is that when the farmers pay the cash, they do not get possession of the notes, which are kept by the local gentries.

(4) To all these taxes and surtaxes, etc., we must add the so-called many other "miscellenous taxes" in different provinces, the exact number of which is impossible to obtain. According to the investigation conducted by the Rural Recovery Committee, there are no less than 100 miscellaneous taxes in the Province of Kiangsi, 46 in Fukien, 40 in Charhar, 64 in Kwangtung,etc.

Tax Collection System—Its Evils

Lastly, a word must be said about the present tax collection system in China, which has many evils indeed and which results in adding more tax burden already unbearable enough, to the farmers. In China, we have the "tax farming system". In China, every official wants to be in charge of the revenue office, because it is a "fat job." In China, the tax collectors are permitted to collect many other "extra" taxes in many other forms to enrich themselves. So not only the tax system itself should be reformed, but also the tax collection system should be reformed in order to improve the situation.

Direct Taxation of the Rich Suggested

From the above observations, we are justified to conclude that (1) according to the present Chinese tax system, the tax burden falls principally on the miserable and poor farmers; and (2) that such burden is so heavy that they could bear it no longer, and that they are on the verge of bankruptcy; and (3) that the situation is becoming worse every year, as we see no abolition of any of the exorbitant taxes but only the levy of new taxes, one after another, and that we rarely see the decrease of the tax rate but we always see the rapid increase of the tax rate—as proved by the above statistics. This is the principal cause of the Chinese rural bankruptcy and general poverty of the Chinese masses today.

To us, not only all the illegal, miscellaneous taxs should be totally abolished and the tax collection system should be reformed, more "direct tax" on the rich should be introduced to take place of the taxes on the poor farmers,our argument being that the Government should make the rich pay more taxes while the miserable and poor farmers should pay less. The greatest sources of revenue for the Government come form the customs, salt and consolidated taxes. But such taxes are paid equally by both the rich and the poor, while the land taxes, land surtaxes and many other other exorbitant and "miscellaneous" taxes are practically and entirely bore by the miserable and poor farmers. We believe such a state of affairs is abnormal and should not be allowed to go on further.

Nanking May 26, 1934.

"Chinese Spend Too Much on Marriages and Funerals"

BY PAUL K. WHANG (汪仲著)

THE *Review* in an editorial under the title, "Chinese Spend Too Much on Marriages and Funerals" on Feb. 17, stated that "a movement was on foot among the Chinese in the Straits to change the prevailing Chinese practice of spending huge sums in connection with marriage and funeral ceremonies," and that "what is true in the Straits is probably also true throughout China and especially in Shanghai,—than which there is no place in the world where it is considered more necessary to put the best face possible towards the world, regardless of what privations in other directions such an attitude involves."

That Chinese spend too much on marriages and funerals is a fact long deplored by many of the Chinese people themselves. Since time immemorial, marriage and death have been considered as two very important occasions in a man's life, on which no efforts should be spared to make the ceremonies as impressive as possible. The attempts to make the ceremonies impressive have resulted in putting up such false and empty shows, that marriages and funerals have become a mockery in the eyes of foreign observers and even in the eyes of many of the Chinese themselves. To make the matter worse, many of our people have now utilized either a marriage or funeral ceremony as a convenient occasion to show up their financial and social standing in the community.

Families Ruined by Marriage and Funeral Expenses

In Shanghai, big weddings and funerals are the order of the day. It is commonplace that twenty or thirty thousand dollars are spent on a single marriage or funeral. In case of marriage, it becomes a fashion that spacious halls must be rented for the occasion, dinners of no less than thirty courses must be given, and noted actors and actresses must be engaged to entertain the guests. In case of a funeral, it also becemes an estabished practice that a costly native or imported coffin must be procured for the deceased, and a long procession with the participation of hundreds of Buddhists and Taoists and other paraphernalia must parade through as many busy thoroughfares as permitted by the police. All the wealthy people of this city have seemed to participate in a contest to put up the most elaborate display, and the business depression, and even the kidnapping menace, has not had any discouraging effect upon their enthusiasm.

This custom established by the wealthy people has been also followed to a certain extent by those who can not afford to spend lavishly on marriages and funerals. In order to put the best face possible towards the world, many of our people have been apt to spend all their savings so as to give their sons or daughters big marriages and their parents big funerals. Oftentimes, the people have to incur indebtedness for the purpose of putting up elaborate displays. In view of the prevailing big family system in China, we can easily understand the reason why many of our fairly wealthy families have been ruined by the frequent occurrence of marriages and funerals.

It has been a long-felt need among the sober-minded Chinese people that the present practice of of spending so much money on marriages and funerals must be changed. But so far no concerted movement has ever been launched to introduce the needed reforms to the populace. The general public, as a rule, have looked upon the mode of living of their wealthy members as their standard to follow. Therefore it will be futile to talk about the reformation, while the wealthy people have religiously followed the established custom.

Only in recent years, a few of our ultra-modern youths, instead of going through costly and complicated marriage ceremonies, have announced their marriages by simply inserting an advertisement in the newspapers without observing any marriage ceremony and giving any feasts to their friends. This practice has much to be recommended to the young men who have attained marriageable age but have not the means to follow the established custom. To the conservative people, this newspaper marriage has of course been looked upon with disgust and disfavor, and condemend as a serious menace to China's good old custom. But in view of the financial distress of our people, we have reason to believe that this practice will become more popular among the younger generation in time to come.

The task of reforming our funeral ceremonials seems to be even more difficult because of the involvement of the element of filial piety. It will easily invite bitter criticisms from the public, if the sons of the deceased should have the nerve to forego all the usual ceremonies on the occasion of their father's or mother's funeral. Many of our people are fully aware that it is simply a waste of money to follow the established practice, but they can not help it, because they must pose themselves as dutiful sons in the eyes of the public.

In this connection, it is of interest to note that a few of of our far-sighted people have now expressly stated in their wills that after their death their funerals should be as simple as expedient, so as to relieve their survivors from any embarrassment. General Yin Chong, a high military official of the former Manchu regime, died recently in Peiping and left a will, in which he advised his sons that his coffin should not cost more than $200, that his funeral should be very simple without the attendance of Buddhist and Taoist priests, and that in case this simple ceremony should be criticized, the public should be informed that it was the wish of the deceased.

There is much to be said in favor of including such an expressed wish in a will, as it will save the survivors from going into debt for defraying the cost of an expensive funeral and from being criticised as unfilial sons, if a simple ceremony is conducted. But the average people who have vainly saved their faces in lifetime will naturally hate to see that their faces might be immediately lost after their death.

An Association for Marriage Reform

At this time of business depression, it is an opportune time to introduce reforms of marriages and funerals to our people. Moreover, we are now told to lead a New Life in connection with the present New Life Movement. In response to the need of reforming our marriages, a few of the local people have recently formed an Association for Marriage Reforms and the following regulations governing marriages of its members were adopted:

(1) That male members shall not marry before 20 years of age while female members shall not marry before they are 18.

(2) That all wedding gifts and dowries of the bride must be Chinese native goods.

(3) That the badges of the association shall be worn at the time of wedding by its members.

(4) The banquets given on the wedding day shall not exceed four dollars for each table.

(5) No wedding gift shall exceed the value of one dollar.

(6) No bands and fire-crackers shall be used at weddings.

(7) Guests at wedding parties must leave the bridal couple alone before 12 o'clock midnight.

(8) Weddings can be held at the association offices but the association is entitled to charge one dollar for each ceremony.

Of all the regulations, the fixing of the price for each table at the wedding feast is particularly significant, as the wedding feast has hitherto constituted the biggest item of marriage expenses. If all these regulations can be closely observed, the unnecessary marriage expenses can be materially reduced, and the ceremony can be also very much simplified. This reformation, which represents a compromise between the newspaper marriage and the established custom, should be supported by all the people, and especially by those of the upper class, whose mode of living has been generally looked upon as a standard.

In case of funerals, we hope that similar reforms can be also initiated by some far-sighted people. By way of suggestion, we believe that regulations along the following lines should be formulated and introduced to the people:

(1) The cost of the coffin shall not be more than $200.

(2) The funeral procession shall consist of nothing but hearse and family members.

(3) The services of Buddhists and Taoist priests, shall be dispensed with.

(4) Flowers and scrolls shall be limited to the value of one dollar.

(5) All the superstitions in connection with the funeral shall be disregarded.

If the above regulations can be introduced, our funerals can be made simple and inexpensive. It is hoped that an Association of Funeral Reforms can be also formed, and that all the far-sighted people can combine their efforts to break down the established custom.

Shanghai, May 30, 1934.

Netherlands Indies Withdraws Chinese Consul's Exequatur

The government of the Netherlands Indies has withdrawn the exequatur of the Chinese consul at Palembang. It is understood that the National Government will lodge a protest with the Netherlands authorities on the ground that the action is unjustified.

The Netherlands authorities are stated to have based their action on the ground that Mr. Tsai had asked Chinese leaders in Palembang to make a statement on contributions to "anti-Japanese funds." Commenting on the incident, the *Sin Wan Pao* says: "The question to be considered is whether such action on the part of the Chinese consul constitutes sufficient reason for the Netherlands authorities to force his recall. Generally speaking the function of a consul is to take care of the interests of his nationals in the district in which he is stationed. His duties can hardly be enumerated, though it is understood that he shall in no way interfere with, or encroach upon, the rights of the local government. For instance, Chinese consuls abroad do not have legal jurisdiction over Chinese residents. Therefore, it is required of them that they shall not accept civil or criminal suits from Chinese residents. As regards the action of Mr. Tsai, we think his action in asking Chinese leaders in Palembang to submit a statement on contributions to public funds is not much different, legally speaking, from the organization of a Chinese school or a Chinese chamber of commerce. It does not encroach upon the political rights of the local government nor does it tend to disturb local peace and order."

Chiang Kai-shek Orders Cessation of Strike at B. C. C. Factory

General Chiang Kai-shek sent a telegram May 27 to the City Government of Greater Shanghai ordering that the strike by workers of the British Cigarette Company must be ended before May 30. The telegram from General Chiang was forwarded to the attention of the Bureau of Social Affairs which, in turn sent a communique to the Fifth District Tobacco Workers Trade Union calling for a conference of representatives of workers and the management of the B.C.C. The management of the B.C.C. however, declined to attend the conference, nor will it listen to any suggestions to reopen the No. 1 factory.

The strike was declared by workers of the B.C.C. last week in protest against the closing of the No. 1 Pootung factory by the management on the ground of alleged insubordination of the workers. The strikers are demanding the reopening of the old Pootung factory. Threats that the strike would be carried to the B. A. T. factory in Thorburn road, Shanghai have so far not been realized. According to information emanating from the strikers' committee, cigarette shops in Pootung have stopped selling B.A.T. products and have removed the posters advertsing their cigarettes. The B. C. C. is taking on Russian workers to replace the striking Chinese.

A Japanese telegram from Yinkow (Newchwang) May 28 stated that the 200 workers of the new B. A. T. plant there were on the point of going on strike.

Upper Reaches of Yellow River in Flood

Water in the upper reaches of the Yellow River has again overflowed its banks, inundating a number of villages along both banks of the river. The Commission for the Prevention of Yellow River Floods is taking effective steps to remedy the situation and to repair the dykes along the river in Honan and Shantung.

Numerous villages in Hantan, southern Hopei, have been inundated as a result of torrents from mountain freshets. Part of the crop has been washed away, while low-lying areas are in 4 feet of water.

A deputation, representing the people in the flood devastated districts of western Shantung, arrived in Tsinan, May 28. The delegates called at the Shantung Provincial Department of Reconstruction to petition for the reconditioning of the private dykes along the Yellow River by the Government.

Al Gordon Wins Stock Car Race at Los Angeles, Driving Ford V-8

Al Gordon, driving a Ford V-8, won the 250-mile Gilmore gold cup road race for stock cars, run at Los Angeles Feb. 19, with 75,000 spectators looking on. Following Gordon came nine more Fords. The winner averaged better than 65 miles per hour, his time being four hours 14 seconds. The course itself has an adobe surface and is only two miles in circumference. Five different makes of cars competed, the track being run under AAA sanction. The race was a fight between Gordon and Stubblefield, 18 seconds separating them. The lattet finished three laps ahead of Lou Meyer who was followed closely by Pete de Paolo and Rex Mays. These five were the only entrants to complete the full 250-mile course.

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D-7

Chinese Press Reactions to Salvadorean Recognition of "Manchukuo"

Interviewed on May 23 with regard to the recognition of "Manchukuo" by El Salvador as reported in current newspapers, a spokesman of the Ministry of Foreign Affairs said that he does not think that it will have any material effect on the non-recognition resolution of the League of Nations.

However, the spokesman declared, this action must be characterised as most irregular and irresponsible on the part of El Salvador. El Salvador is only a very small central American Republic, little known to the outside world, with a population of not more than 1,500,000 people. Moreover, the present Salvadorean Government was not recognized by the United States of America and four other central American republics until two years after its establishment, that is, it won recognition for itself only a few months ago. Its insignificance in the family of nations is therefore very apparent. For the same reason its susceptibility to outside pressure and inducement is easily comprehensible.

On the other hand, El Salvador is a member of the League of Nations, the spokesman further stated. It is her duty to abide by the League resolution of February 24, 1933, which provides for non-recognition of "Manchukuo" by the nations of the world. By virtue of her rash disregard of her international commitment, El Salvador not only has broken her international faith but has at the same time violated the Covenant of the League. The Chinese Government has already drawn the attention of the League authority to the above fact and it is expected that the League will deal with the offending state in a suitable and effective manner.

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Pointing out that the action of Salvador in recognizing "Manchukuo" has accentuated the growing antagonism between the United States and Japan, the *Peiping World Daily News* commented on May 23 as follows:

"According to a telegram from Tokyo, the Salvadorean Consul-General in Japan, Leon Siguenza, called on Ting Shih-yuan, the Manchukuo envoy, on May 22, and handed to him a note, extending the diplomatic recognition of his country to Manchukuo. Two reasons may be given for this action. In the first place, Salvador has no ecnomic interests in China and therefore can afford to risk Chinese retaliation against such an unfriendly act. Secondly, Salvador must have reached an understanding with Japan before according recognition to Manchukuo.

"The Salvadorean Consul-General in Japan has been stationed in Tokyo for six years and is a well-known partisan of Japan. There is no doubt that he played an important part in inducing his government to change its policy and recognize Manchukuo. The Consul was on home leave last year when the Parliament was in session. He advocated the exclusion of Asiatics from Salvador with the exception of Japanese. This was finally adopted and incorporated in the Constitution of Salvador. It may be safely presumed that Salvador will include Manchukuo people in the same category with Japanese and admit them into her territory on equal terms. This does not necessarily mean that Salvador has any respect or love for the people of Manchukuo but that she has to respect the wishes of Japan. In other words, the Salvadorean recognition of Manchukuo represents a victory for Japanese diplomacy.

"What is the effect of this on the international situation? According to Japanese interpretations, the recognition of Manchukuo by Salvador marks the beginning of the end of the resolution of non-recognition adopted by the League of Nations respecting the puppet state in Manchuria, inasmuch as Salvador was one of the signatories of that resolution. Secondly, the move is a slap in the face of the United States, since the latter has consistently been opposed to the recognition of Manchukuo. Thirdly and lastly, the Japanese believe that France, Germany and Poland will follow the example of Salvador, especially as they have already entered into close commercial and economic relations with Manchukuo. These views may be too optimistic, but it seems inevitable that the Powers will soon break away from the resolution of non-recognition and recognize Manchukuo. Another thing to be noted is that the action of Salvador has accentuated the growing antagonism between Japan and the United States ,and that this may eventually lead to the dismemberment of China. If China is to be saved, we must stand up and oppose all the Imperialist Powers. Japan, it is true, is our enemy, but the course of recent events has shown that neither the United States, nor Great Britain nor the League of Nations can help us."

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China should sever diplomatic relations with El Salvador as reprisal for Salvador's recognition of Manchukuo, the *Shun Pao* urges in an editorial on May 25 as follows:

"El Salvador, one of the small countries in Central America, has of course no interests whatsoever on this side of the Pacific. Her readiness to forsake her obligations as a League member and to act contrary to one of the League's important resolutions shows that she must have been influenced by a third party, and that party can be no other than Japan.

"The League Advisory Committee on Manchuria should be the first body to deal with the situation arising from Salvador's recognition of Manchukuo. It should promptly report to the League Council and the latter should expel El Salvador from the League under Article 16 of the Covenant. Such action may not materially affect the Salvadorean Government, but is necessary for the sake of the League's prestige.

"Indeed the League cannot leave the challenge unanswered nor find any plausible excuse to ignore the situation. If the League does not act promptly and decisively then it will be digging its own grave.

"The serious implications of Salvador's action are well recognized in China. We think that the League, for the sake of its own interests, will not for long remain a passive onlooker. Nevertheless, should the League fail to live up to our expectations then it is for our government to make a solemn declaration of China's attitude. Severance of diplomatic relations with El Salvador, withdrawal of our recognition of that state and other reprisals are not too drastic for the situation."

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Salvadorean recognition of "Manchukuo" constitutes a violation of the League of Nations Covenant, pointed out the *Chen Pao* (the *Shanghai Morning Post*) on May 28. Urging that Salvador must be disciplined for the violation of the Covenant, the paper observes:

"Article 16 of the Covenant provides that when a member state has failed to fulfil its obligations under the Covenant then other members on the Council may vote to expel it from the League. The provision is entirely applicable to the present case of El Salvador. The League Council is meeting again shortly and the only proper course of action should be to expel Salvador under Article 16 of the Covenant. If this is not done then the future of the League will be doomed.

"What is perhaps more important than the application of sanctions is for the League to see to it that no such glaring misdeed will be committed after Salvador. Close contact between the League on the one hand and the United States and Soviet Russia on the other will be of great help and, most important of all, League members must make a firm resolve not to be led away from from their stand under the Covenant by commercial inducements in Manchuria.

"As regarding China, she should realise that maintenance of the principle of non-recognition hardly detracts from our national disgrace arising from the loss of the four-north-eastern provinces. The recovery of our lost territory entirely depends upon ourselves, and our immediate tasks shall be to complete the bandit suppression campaign as soon as possible and to build up our national strength through peaceful development."

The *Peiping Chen Pao* on May 28 observes that although the United States did not vote for the League resolution of non-recognition of "Manchukuo," but she has more than once indicated its approval and declared its readiness to support it. Hence she has at least a moral obligation to see it that the Resolution is observed by all member states. The *Chen Pao* article points out:

"The League resolution of non-recognition of Manchukuo had its inspiration from the Stimson and Hoover doctrine of non-recognition of any territorial changes effected by force of arms in violation of international agreements and treaties. For this reason, the United States has at least a moral obligation to see it that the resolution of non-recognition of Manchukuo by the League is observed by all the member states. The reaction of the United States to the extraordinary action of Salvador deserves, therefore, our closest attention. Cordel Hull, the American Secretary of State, is still reticent but his feelings can be safely imagined.

"Although it is the smallest republic in Central America, the position of Salvador in the Pacific cannot be overlooked. Its recognition of Manchukuo marks the beginning of the end of the Monroe Doctrine of the United States and furnishes another evidence of the increasing penetration of Japanese into what has been hitherto regarded as the American sphere of influence. Doubtless the existing rivalry between the United States and Japan will be further intensified. Unless the United States is prepared to take a secondary position on the American Continent, she will not be satisfied with a few general principles of international conduct in dealing with Japan.

"There is no denying that the world is on the eve of another upheaval. What should we do to cope with the crisis? On the one hand we should not be misled by the sweet words of Japan into regarding her as a friend. At the same time we should not not place too much faith in the League of nations, or for that matter any Power. In other words, we must work at our own salvation."

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Juridical aspects of El Salvador's action in recognizing Manchukuo are being studied by the Secretariat of the League of Nations, according to a *United Press* message from Geneva on May 24.

This disclosure was made by M. Joseph A. Avenol, Secretary-General of the League, during the course of an hour's conference on the subject with Victor Hoo, Chinese Minister to Switzerland.

El Salvador is a free, sovereign, independent state and is not compelled to receive lessons in conduct from other nations of the world, said Dr. Miguel Angel Araujo, Salvadorean Minister of Foreign Affairs during the course of an interview with the *United Press* on May 24.

The Foreign Minister denied the possibility that the League could expel El Salvador for such action. He agreed heartily with Manchukuo's expressed wish to establish friendly relations with the country.

Denying that the League of Nations had the right to "interfere with the sovereign rights of El Salvador," just because the Central American republic was a member of the Geneva body, Leon Siguenza, Salvadorean consul-general in Tokyo, issued a lengthy statement on May 24, charging that the League was "bureaucratic."

"No treay or agreement entered into by El Salvador can in any way affect its sovereign rights as defined by the constitution. The recognition of another power is a part of these rights.

"I cannot repress a smile when I hear that the League is attempting to coerce El Salvador," the statement read.

Ting Shih-yuan, Manchukuo Minister to Japan, called on the Salvadorean Consul General at Tokyo on May 24 to hand him an official document from the Manchukuo Foreign Minister Hsieh Chieh-shih, expressing its appreciation for the recognition extended by the Latin American republic to the New Empire.

A few hours after the news that El Salvador had extended recognition to Manchukuo, the Japanese-Manchou Club at Harbin sent the first order for Salvadorean coffee, reported *Rengo* on May 23. The reports added that payment for the shipment will be made through the Manchukuo legation in Tokyo.

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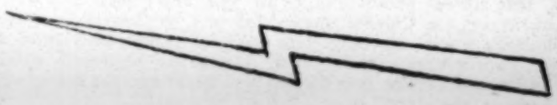

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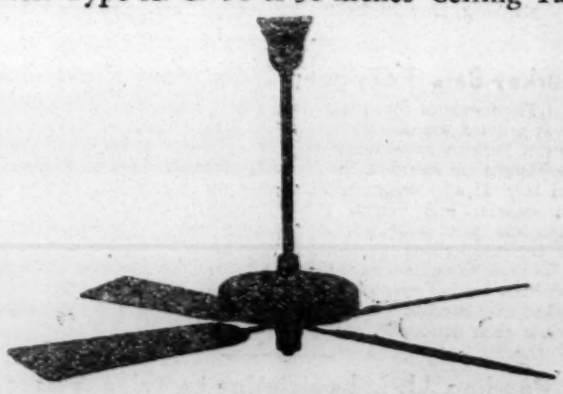

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The "New Life Movement" in China

Editor, *The China Weekly Review* :—

If I should be asked, what the Chinese people want today, I would answer that the Chinese people today want for every man, every woman and child, two pairs of shoes that can be used at least for one year, and sufficient food and a very good water supply. This is the first need of the Chinese people in relation to the "New Life" movement. Beside this the Chinese people want no less than thirty pieces of seasonable clothes, inner, outer, upper, under-suits and other kinds of piece-goods that are made for the daily use of human beings. But all these are not enough to meet the needs of the Chinese people.

I believe that to keep the Chinese people going calmly and warmly, houses must he given them to live in. Nevertheless I say that these houses must be free from raids and attacks. Furthermore, the Chinese people, not only the Chinese bourgeosie, still desire every morning one cup of coffee with milk and sugar, (white sugar, not brown) instead of throwing millions of bushels of coffee into the sea and sugar into the fire in order to keep up the market price for their owners!

Another thing that can never be excluded in the needs of the Chinese people is that every Chinese wants work. I think no one Chinese wants to suffer from cold and hunger, and thereforews means to avoid the dangers of their misery must be found and be given them.

Moreover, the Chinese people should never forget that a moving picture theater ought to be established in every town and in each big village, and that radio apparatus ought to be set in every house of the families of the workers and peasants, because these men are the base of the social structure. If the peasants and workers are unhappy in their lives, the social structure can never be healthy and fine.

Attached to these points there should be many good and nice bathing pools; and bath-houses must be built in cities and villages all over this country, and these pools and houses for baths must be opened free of charge to the people. The things I have mentioned above are all part of the "New Life Movement" of China today and necessary for attaining the living standard which the Chinese people want.

Whoever would check this movement in China or scoff at it through prejudice should be condemned and be punished, for they are destroyers of the social production and of the respective consumption of the people. These men should be brought in front of the public forum as criminals.

So far, the Chinese people's lives are too simple and plain, thus making the world market narrow—where no purchasing p wer is to be seen; and the economic crisis increased and increasing in every land; so the wise men and women of Europe, America, Asia and other continents must not forget that this a fresh fact that drives people mad for war and for revolution, otherwise the living aspirations of the human race towards propriety, injustice, integriry and a sense of shame—in Chinese we say Li Ye Lien Tze,—will not be effected and developed in the near future.

Nanking, May 28, 1934. HENRY FU.

Turkey Bars Foreigners from Many Professions

Thousands of foreigners in Turkey, employed in professions or as artisans, are precariously situated as a result of the approval by the Turkish government May 25 of a law under which certain professions are reserved for Turkish nationals. Between May 21 and July 21 all foreign chauffeurs, hair-dressers, tailors, shoemakers, that-makers, interpreters, guides, stock exchange clerks and musicians must cease work. The nationalities chiefly concerned are Greeks, Italians, Persians, Britons and a few Americans, and as all these foreigners have lived in Turkey for scores of years their problems are not easy of solution. Some of the foreigners concerned may become Turkish citizens but those who do not choose to lose their nationality may be repatriated.

Pending U.S. Legislation to Give Status to Eurasians

The U.S. House of Representatives recently passed a bill by which a child born outside the United States will be declared an American citizen if either parent had that status. The measure, designed to protect American women who marry foreigners by giving them equal status with men, is being supported by several women's organizations. A clause in the bill, as passed by the House, providing that if one parent is an alien of a race ineligible for citizenship the child cannot be accounted an American citizen, was eliminated on the ground that it would be an affront to Japanese and Chinese. The child would not be affirmed a citizen, however, unless the citizen parent had resided in the United States and unless the child previous to his eighteenth birthday returned to the United States and remained five years. Under the measure, a citizen, upon marriage to a foreigner, may make formal renuncitaion of citizenship.

AMERICAN WHEAT LOAN FUNDS TO COMPLETE CANTON-HANKOW RAILWAY

(*Continued from Page 20*)

Chairman of the Provincial Government, and Chang Ching-yu, Honan Provincial Commissioner of Reconstruction, have been invited to serve as Chairman and Vice-Chairman of the exhibition.

In view of the bankruptcy in the rural villages and the sufferings of the farmers due to famine conditions, the Shensi Provincial Headquarters has despatched a communication to the Shensi Provincial Bank requesting that rural cooperative societies be established in order to regulate rural economy for the benefit of the people.

Concrete plans for the relief of the flour industry in Shantung province are being mapped out by the Ministry of Industry. A deputy will shortly be despatched to Shantung to conduct investigations with a view to providing a basis for relief.

Chinese Newspaper Discusses Economic Development of Szechuen

The *Shun Pao* (Shanghai) comments :— "Whether Chinese financiers will agree to invest in Szechuen depends upon political stability in the province. Surrounded by difficulties on all sides as she is to-day, China is having an up-hill struggle in attempts to place her industries on a firm footing. The fight will be harder and chances of success more remote if each province goes its own way and depends entirely on its own resources. Even the rural districts in Szechuen are now suffering from the effects of foreign dumping. In order to find a way out it is necessary for Szechuen to secure outside capital for financing constructive projects. From the standpoint of future investors, Szechuen must be a potentially rich field for exploitation. It has a vast population and therefore a big labor reserve. It is self-sufficient in food supplies and is a big market in itself. The Yangtsze River gives it a natural outlet to the seaboard provinces. Nevertheless, investments of any kind involve a certain measure of risk. The first question an investor will have to consider is the safety of capital and the next question, the possible amount of profit. Political instability in Szechuen is a well-known fact. The rise and fall of military leaders in Szechuen occurs with particular swiftness. Although it is said that Szechuen has lately been tending towards a unified control the misunderstanding between the two Liu cousins, the more or less independent status of other Szechuen generals, and the serious communist trouble are facts that cannot be lightly glossed over by far-sighted financiers"

Chang Kia-ngau, general manager of the Bank of China, who is visiting Szechuen, called on General Liu Hsiang, Rehabilitation Commissioner for Szechuen and concurrently Commander-in-Chief of the Szechuen Bandit-suppression Forces, end of last week. At their interview, the Shanghai banker is stated to have pointed out to the Szechuen leader that the abundant resources of Szechuen await immediate development. He promised to induce Shanghai banking circles to invest in Szechuen.

$2,000,000 Loan for Honan Government

Six Chinese banks in Shanghai have agreed to make a loan of $2,000,000 to the Honan Provincial Government for the improvement of the Yellow River. Of this sum the Central Bank of China will put up $700,000, the Bank of China $300,000, the Bank of Communications $250,000, the Shanghai Commerical and Savings Bank $225,000, the Kingcheng Bank $225,000 and the Honan Agricultural and Labor Bank $300,000. The loan will be secured on a salt surtax in Honan and refunded within two years. A loan agreement is expected to be signed shortly.

Liu Chin-shan Makes Inspection Trip to Suiyuan on Behalf of T. V. Soong

Liu Chin-shan, Director of the North-western Office of the National Economic Council, arrived in Chengchow May 27 from Tungkwan enroute to Suiyuan to make an inspection of that province on behalf of T. V. Soong. After two weeks' sojourn in Suiyuan, Mr. Liu will proceed to Nanking by way of the Tientsin-Pukow line to make a report to the N. E. C. on the results of his inspection.

New Bank to be Established to Develop Northwest

Under the auspices of several well-known local business leaders, including Messrs. Lin Kang-hou and Chien Chen-hsu, a new bank under the name of the Ta Hsin Bank will soon be established in Shanghai. The initial capital is tentatively fixed at $1,000,000 and the mission of the new establishment is to develop the North-west. The bank will be formally opened some time in September, it is understood.

Britain Receives Large Radio Order from Chinese Government

The Chinese Government last week placed a large order with the Standard Telephones and Cables Company, Ltd., London, for the supply of wireless stations, for the purpose of linking up all big towns in China by telephone and telegraph. It is stated that many new features are incorporated in the wireless stations ordered, and that the first part of the Chinese Government's plans will be completed early next year.

Bandits Wreck Japanese Troop Train in Manchuria

It is reported from Harbin that a large force of bandits pulled up the tracks and derailed a Japanese troop train on the Muling branch line near Pamyatun last week. The engine driver was unable to halt the train in time to avoid running off the rails and after the derailment, the bandits, who were ambushed nearby, raked the train with rifle fire. A hail of bullets swept the coaches as the bandits poured fusilade after fusilade and by the time the soldiers, who had been thrown into confusion by the sudden attack, rallied and went into action, the attackers had disappeared. About 35 Japanese soldiers are reported to have been killed and many others wounded.

Japanese Overseers and 100 Coolies Kidnapped by Bandits

After giving battle to the 200 or more bandits who launched a surprise attack on the road construction works in Ipatze, Itunghsien, to the south of Changchun May 17, Eiji Matsui, overseer of the works, received a rifle bullet through his head and was killed. The bandit attack was signalled by a volley of shots from the embankment nearby. Mr. Matsui immediated retaliated with revolver shots and urged all hands to defend the road they were building. The encounter did not last long. A clean shot went through his head and he was down. Telegraphic reports brought reinforcements from the Shuangyang police station and the police force of Itunghsien, numbering 50, pursued the bandits, who fled from the scene of the trouble.

Considerable anxiety is felt in Harbin regarding the fate of four Japanese overseers and about 100, coolies who were kidnapped by mounted bandits in the vicinity of Talienssu early in the morning of May 25. Belated reports reaching Japanese official sources indicated that the marauders, numbering about 60 men, swept through the camps of two Japanese contracting companies whose employes were engaged in repairing the Peianchen-Koshan railway. A Japanese detachment stationed at Peianchen pursued the kidnappers.

Lieutenant Kinichi Sato and Sergeant Mineo Nishikado, who were flying over Hailar May 15, were instantly shot down by bandits. The scouting plane was circling over a pine wood to the west of Hailar when a bandit force, sighting the machine, suddenly commenced to attack it with machinegun and rifle fire. Flying somewhat low, the occupants found difficulty in gaining altitude, as the bandits had been hiding among the pines. Bullets lodged in the engine put it immediately out of commission and the plane crashed.

Japan's Huge Military Expenditure in Manchuria

Moscow *Pravda* May 9 recently declared that, according to expert estimates made in Shanghai, Japan spent Yen 63,000,000 last year for military activities on Manchurian territory while the total expenditure since 1931, caused by the occupation of Manchuria, is not less than Yen 500,000,000. These amounts do not include capital outlays, such as railway building and road construction. Taking everything together, the costs of Japan's recent campaigning adventures are at least Yen 1,000,000,000. Like other Russian newspapers, *Pravda* drew the conclusion that Japan is being taxed beyond her financial strength to execute her ambitious schemes.

As the first step towards gradual elimination of Manchukuo troops, the Japanese have asked the Manchukuo authorities to disband two battalions in every brigade of Manchukuo troops. The reduction will be enforced on July 1.

Recent arrivals from Kirin estimate the strength of anti-Japanese volunteers in Kirin province at over 60,000 and those in Heilungkiang at 80,000. It is said that they have been almost daily harassing Manchukuo troops in the two provinces.

M. Jules Sauerwein, director of foreign service of Paris *Soir* was received by Emperor Kang Teh. (Pu Yi) at Changchun May 24.

Manchukuo Redeems Old Regime's Banknotes

The Manchukuo Government up to May 23 had bought up old banknotes issued by the military regime of Marshal Chang Hsueh-liang to the amount of $36,200,000. The Government, it was stated, is prepared to take up the remaining $3,800,000 before June 30.

The first draft budget of the Manchukuo Empire, effective July 1 1934 to June 30 1935, was the subject of discussion at a meeting of the directors of the bureaus of general affairs of all governmental departments held in Changchun May 26. On the basis of estimates submitted by each department the appropriations asked by various ministries total $273,506,027 against an estimated total revenue of $177,571,557, necessitating a drastic paring down of all demands.

The Trade Mark Bureau of the Manchukuo Government registered 13,938 trade marks during the past six months since the enforcement of the Trade Mark Law beginning November 20, 1932 up to the end of April this year.

The Bureau of Commercial Affairs of the Foreign Office at Changchun has issued a notice, which, in part, says that it sometimes occurs that "persons travelling via

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Siberia in passing through Manchukuo, insist that they do not require visas from Manchukuo passport officers as they had already received visas from Chinese diplomatic or consular officers in Europe. Manchukuo, however, does not recognize the validity of such visas."

Prince Chichibu's Stay in Manchuria

The Imperial Household Department May 23 announced that, in his trip to Manchukuo representing the Emperor, Prince Chichibu will arrive at Dairen on June 5. From Dairen, the Imperial messenger will proceed and stay in Changchun until June 13.

Militarists Say Government Lacks Ability to Handle Manchukuo Situation

A paragraph in the *Japan Chronicle* May 22 says the Japanese military authorities are highly dissatisfied with the inability of the Government to formulate a definite line of policy towards the industrial development of Manchukuo. In their eyes, Manchukuo is very important as the life line of national defence, and they are consequently much interested in all matters bearing on that country. They feel that now that peace and order has practically been restored there, it is high time attention was devoted to the industrial development of the country. At this important juncture, they think the present Cabinet lacks the ability to rise to the occasion.

Japanese Again Delay Chinese Police Occupation of Luantung Area

The newly organized special police of the Hopei Provincial Government have been prevented by the Japanese from entering the demilitarized zone in Luantung to enforce the bandit-suppression campaign, it was announced in Peiping May 26. The Japanese charge the special police with having "violated the Tangku Agreement" by carrying 200 light machine-guns. Meanwhile, Chihsien which is in the demilitarized zone, is still being garrisoned by a company of "Manchukuo" soldiers, the Chinese police having been recently driven out by the Japanese troops.

However, despite all the difficulties, it was hoped to send the newly trained peace preservation units for the "demilitarized zone" to their new garrison posts on June 1. The 1st corps was scheduled to be stationed in the Luanchow-Shanhaikwan Area and the 2nd Corps in the Chihsien-Miyun Area. The peace preservation units reorganized from the "Manchukuo" irregulars under Li Chi-chun are to remain at Fengjun and Tangshan. As a result of discussions between Yin Ju-keng and Colonel Shibayama, the Japanese have promised to urge the Manchukuo garrison commander at Jehol to withdraw Manchukuo troops from Chihsien within the shortest possible time.

Japanese Increase Military Strength Along Great Wall

Japanese military strength at various Great Wall passes has been steadily increased during the past several weeks. The Japanese are building barracks at Sahochiao and Chienchang, thus showing that they have no intention to withdraw outside the Great Wall. As a result of discussions between Yin Ju-keng and Colonel Shibayama, it has been agreed that the Hopei Provincial Government will pay $7,000 as expenses for the withdrawal of Manchukuo police from Kupeikou. Negotiations for the retrocession of the pass at Malangyu have come to a deadlock. The main body of the Japanese 7th Division is now concentrating in eastern Chahar, especially in districts between Dolonor and Kuyuan.

Another Sino-Japanese Incident in "Demilitarized" Zone

Alleging that they were first attacked by the Chinese militia, the Japanese troops in Luanhsien on May 25 fired on the militia and arrested three militia-men to whom they administered a severe beating. The Japanese military have further lodged a protest with the Luanhsien district government. Meantime it is reported that the Japanese troops at Shanhaikwan have been reinforced by another two hundred. Tao Shang-min, special commissioner for the Luantung area, has gone to Luanhsien to discuss the matter with the Japanese authorities.

Brandishing swords and pistols, several Japanese youths prevented inspection by the Chinese Customs authorities of the Japanese s.s. *Changping Maru* at Tientsin May 26. They also insulted the Customs officers on duty. A Japanese member of the Chinese Customs induced the youths to desist.

Northeastern Refugees to Be Repatriated in North-west

General Chu Chi-ching, former Inspector-General of the North-east Volunteers, who is now Chairman of the North-West Reclamation Committee, is proceeding to the Capital shortly to seek instructions from the Executive Yuan regarding the despatch of the North-eastern refugees to the North-west and the allotment of land for reclamation.

A petition has been received by the Central Party Headquarters from the Kwangtung Provincial Party Headquarters, requesting that convicts now serving life terms be transported to the frontier provinces and set to work on the reclamation of the North-west.

A recent message from Kweihua reports that the Suiyuan Provincial Government has set aside a large tract of land 13,000 *mow* in area at Ho Tao (the Great Bend of the Yellow River) for settlement of the North-eastern refugees and the Anti-Japanese Volunteers.

Soviets Appoint Jew as Ambassador to Berlin

It was announced in Berlin May 28 that the Soviet Government has appointed Jacob Suritz as Ambassador to Berlin and that he had accepted the post. M. Suritz, who is a Jew, until recently was the Soviet Ambassador to Turkey.

29 High Soviet Officials Being Tried for Sabotage in Kiev

Charged with illegally selling food and clothing in Ukraine and alleged to have diverted state property which they sold privately for their own profit, 29 high officials as well as numerous other persons are being tried in Kiev. An investigation by the authorities revealed that considerable stocks of food and clothing had been sold privately in Ukraine by government officials. The maximum penalty for the crime they are charged with is death by shooting.

Soviets Push Development of Far Eastern Regions

A recent *Tass* message from Khabarovsk stated that the capital investments to be put into new construction in the Far Eastern region amount during the First Five-Year Plan to 900 million roubles. Still more extensive development of all branches of socialist construction in the Far East will take place in 1934. The total of capital investments for this year is estimated at 1800 million roubles, 474 millions being assigned for industries.

The Soviets are busily engaged in improving their sea-ports, including Odessa, Murmansk and Vladivostock.

"Pravda" on British Policy

As regards British policy in the Far East, Moscow *Pravda* writes that even the vague statements made in the British Parliament demonstrate that British Imperialism supports Japanese ambitions and does not object to redivision of China in accordance with the interests of the London stock-exchange. Only dangers of an internal political nature and the fear of counter-measures on the part of the United States act as restraining factors in this case, concludes *Pravda*.

Soviet-Turkish Economic Cooperation

The ceremony of laying the foundation for a large textile factory took place at Kaiseri, Anatolia, recently. The factory is being built with the technical and financial cooperation of the Soviet Union. The Premier of Turkey, Ismet Pasha, the Minister of National Economy, the Minister of Public Works, as well as the Soviet Charge D'Affaires, Zalkind, and the Trade Representative of the USSR, Vorobiev, attended the ceremony.

A new 500 KW radio-station started operating in Moscow last month, using a new system of transmitters which secure particularly steady work, and a new and very original design of aerials. The station broadcasts on the wavelength of 1,714 meters.

Wheat sowing is stated to be rapidly progressing in the northern part of Easern Siberia. Chita province has completed its sowing, the area sown being in excess of the plan.

Soviet Patrol Fires at Drunkards, but Hits Japanese Consulate

Expressions of regret by Soviet Russia over a recent fusillade against the Japanese Consulate General at Khabarovsk, (the damage done being a broken window pane) May 20 brought the latest incident to ruffle Japanese-Soviet relations to a close. The Soviet explanation that the shots were fired in the air by a patrol to subdue a number of unruly drunkards was accepted by the Japanese.

Japanese Organ in Harbin Sees "Red"

The *Harbin Times*, a Japanese official publication in the Russian language, in commenting May 25 on the Amur river incident early this month when, it is alleged by Manchukuo authorities a Soviet battery on the Amur opened fire on a Manchukuo vessel, killing one, and on the alleged shooting through a window of the Japanese consulate in Harbarovsk on May 20, says "The U.S.S.R. undisguisedly, impetuously and irrevocably desires war. The lives of Japanese residing in the U.S.S.R. are endangered. The red beast is thirsty for new rivers of blood."

Eugene Chen's Son Says U.S. Recognition of Soviets Averted War in Far East

Percy Chen, son of Eugene Chen, former Chinese Foreign Minister, who has been correspondent of the Tientsin *Ta Kung Pao* in Russia for the past seven years, recounted to the members of the Anglo-American Press of whom he was the guest at luncheon, in Paris May 28, some personal experiences of his journeys in China and stated that recognition of the Soviet Union by the United States was a great step toward averting war in the Far East. "China, Russia and the United States, three great pacific countries without any territorial ambitions and with no desire for war on any country, make a powerful bloc in the interests of world peace," he said, "and whereas some time ago men feared a possible clash between Russia and Japan, no such thought is at present seriously entertained."

Marshal Chang Hsueh-liang's Anti-Red Parley

(By the Review's Correspondent at Hankow)

The Reds in Central China are still very much alive and in no mood to give up and graciously submit to the authority of Nanking or any duly constituted rule in China. Marshal Chang slightly alarmed at the recrudescence of the Red activity both in eastern and western Hupeh, lost no time in calling together his military colleagues for a conference in Wuchang—the immediate cause no doubt being the bold and swift attack of Red Commander Ho Lung on Pengshui, on the Hupeh-Szechwan border, and his capture of Rev. Howard Smith, young Christian and Missionary Alliance missionary.

Young Marshal Visits Kikungshan Summer Resort

Returning from an inspection trip along the Peiping-Hankow Railway which included Hengtien, Huayuan, Siaokan, Kwangsi, Kiaoshan, and Kikungshan, 125 miles north of Hankow, Marshal Chang reported that he expects to spend the summer on Kikungshan, the closest summer resort for Wuhan vacationists. The Marshal and his wife visited the mountain on this tour and were so pleased with the prospects that they ordered the residence formerly occupied by General Chin to be renovated for occupancy this summer. It is understood that 5000 troops will be stationed there for the protection of the mountain resort. When asked by a Hankow newspaper reporter if Kikungshan would be safe this summer, the Young Marshal replied characteristically: "I will make it safe and guarantee protection." The Peiping-Hankow Railway will run special week-end trains this year, too, for the accommodation of vacationists. Within seven hours of leaving sweltering Hankow one will be able to cool off in the refreshing Kikung air.

Anti-Bandit Plans Completed

The Bandit-Suppression Conference for Honan-Hupeh-An-kwei Border districts was held in Wuchang May 25th. Marshal Chang Hsueh-liang and General Liu Chen-huah held a preliminary meeting May 24 to draw up the agenda for the parley. Besides these two principals, General Ho Chen-chun, Hupeh Pacification Commissioner, General Chang Chun, Chairman of the Hupeh Provincial Government, and others engaged in the bandit suppression work in this area were present. Ways and means of dealing with the aggravated situation were discussed and a definite line of procedure was drawn up. However, becaues of its military aspect, it was not disclosed to the public. The participants evinced a determined attitude with regard to ridding Central China of banditry. Political considerations were also discussed and it was found that one of the best methods of dealing with reclaimed Red-infested areas, was to forge ahead with the establishment of cooperative societies, assisting farmers with loans both before the planting season and the harvest.

Governor Ho Chien Leaves Hankow for Nanchang

Among the many important personages passing through Hankow these days on the Nanchang trek, were General Ho Chien, chairman of the Hunan Provincial Government, and General Chu Shao-liang, chairman of the Kansu Provincial Government, Both of these men left May 27 for Nanchang to bring reports to the Generalissimo Chiang Kai-shek on Bandit Suppression work and reconstruction projects in their respective provinces. General Ho Chien has just recently inspected his lines along the Hunan-Kiangsi border in the strategic area around Pingsiang, the base of operations for the Hunan anti-Red campaign.

Customs Officers Urged to Join New Life Movement

The Chinese officers of the Custom House at Hankow have received circular letters urging them to join the New Life Movement and work for a more enlightened and educated Chinese people. This is another move in the huge cultural (and partically political) plan that is intended to include all citizens of China, who love their country and would seek its welfare.

Central China Bureau of Economic Investigation

This is a new organization established by Marshal Chang Hsueh-liang with Mr. Donald, his foreign adviser as managing director. Its avowed purpose is "to carry on continuous research with the hope of securing authentic data concerning the economic state of the Valley (Yangtze)." Another ambition is to give impetus to the reviving of Hankow, the once so-called Chicago of China, but now characterized by the editor of the Hankow *Herald* (Chinese-owned) as being on its death-bed. "Departing industrial glory" must be resurrected and "languishing trade rehabilitated." In his editorial for the May 25, 1934 the Editor of the *Herald* concludes his argument by emphasizing action:

"But in addition to talking there should be action and so far as Generalissimo Chiang Kai-shek, Marshal Chang Hsueh-liang, and Dr. H. H. Kung are concerned there is action. It is consequently up to the civilian organizations heartily to cooperate, translate into deeds, and through the removal of injustices, the rehabilitation of commerce and industries and the proper development of natural resources, win through to national prosperity and national pride."

Hankow, May 28, 1934.

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1935 Naval Conference to Be Preceded by Preliminary Parleys

As the result of feelers put out by Great Britain, there are good prospects that Britain, the United States, Japan, France and possibly other countries will participate in preliminary negotiations in London this year with a view to preparing the basis for an understanding when the 1935 Naval Conference is held. A somewhat discordant note was struck by Signor Mussolini in a speech in the Italian Chamber May 26 when he announced that there would be an extraordinary grant of 1,000,000,000 lira for the Navy and a grant of a similar amount for aviation, to spread over six months, for the renewal of old material. "I absolutely disbelieve," he added, "in a perpetual peace, which is detrimental and negative to the fundamental virtues of men, which only by a struggle reveal themselves in the light of the sun."

However, the crux of the whole naval situation is Japan's insistence on a change in the 5-5-3 ratio in her favor, the suggestion being repeatedly made that Japan expects full equality with Britain and the United States, should a new naval limitation agreement be entered into. The American attitude generally is to leave the ratio as it is, or in the alternative a naval building race. High naval officials in Washington told the *United Press* May 24 that there have been many changes in the Pacific situation since the 5-5-3 naval ratio was agreed upon at the Washington Conference. Chief among those, it was said, are:

1. Japan's adventure into Manchuria and Jehol and the emergence of Manchukuo as a political entity with the possibility that Japan may provide Manchukuo with a Navy consisting of average Japanese warships, thus completely upsetting whatever ratio may be agreed upon at the forthcoming conference of compelling the United States and Great Britain to take official cognizance of Manchukuo in order to deal with the problem.
2. Enlargement of Soviet Russia's influence in the Far East following restoration of friendly relations with China and the United States, affecting the distribution of political power in the Pacific area and adding common interest by all Pacific countries in the proservation of peace in the Orient.
3. Acceptance of the Tydings-McDuffie Bill by the Philippines granting the archipelago independence from the United States within 10 to 12 years and providing for removal of United States military reservations and naval bases from the islands.
4. Expansion of naval aviation with great forward strides taken in technical development and popular interest. The increasing case of long over-water flights and many technical improvements were not fully envisioned when most of the treaties regulating Pacific naval and territorial affairs were concluded.
5. Promulgation of Japan's famous "hands off" policy with thinly-veiled threats by unofficial spokesmen of force unless the warning was heeded. Although the original statement was later declared offically non-existent, this action did not nullify its importance.

U. S. Says Present Ratios Should Be Maintained

The U. S. Secretary of the Navy, Claude Swanson, stated May 23 that the United States would have to consider strengthening her naval bases in the Pacific if Japan sought to build a navy in excess of the limits imposed by the London Naval Treaty, or attempted to attain parity with the United States and Britain. Mr. Swanson said the present ratio of 5-5-3 should be maintained. Mr. Swanson said that the United States, at the 1922 Naval Limitations Conference in Washington, agreed to restrict its naval bases in the Pacific but, in view of Japanese demands for an increased ratio, he said, extension of the bases "will be considered although its is not settled yet."

Mr. Swanson's statement had an immediate reaction in Tokyo where naval authorities indicated that the declaration would not deter the Japanese Government in its intentions to demand complete revision of the existing 5:5:3 ratio at the forthcoming Naval Disarmament Conference and the right to have equal armaments with the leading Powers of the world.

Japan's claims for parity with Great Britain and the United States are viewed im Washington with concern as being a renewal of uncertainty on the Pacific after ten years of stability, which has been considered the outstanding example of armament control for the world.

Private conversations on pending naval disarmament questions between the United States and Japan will take place soon between Prince Konoye, president of the Japanese House of Peers, and President Roosevelt, the Prince indicated in a press interview in Honolulu, May 24.

A Tokyo message dated May 26 stated that exceptional importance was attached by observers to the invitation extended by Sir John Simon, British Foreign Secretary, made in London May 17, to the Japanese Government to participate in a frank exchange of views preliminary to the calling of the 1935 naval armament limitation conference. Japan formally accepted the British invitation May 29.

America's Possessions in Danger

Guam, Hawaii and the Philippines would be an easy prey to Japan's "ruthless militarism" if the latter country is granted increased naval ratios, Fred A. Britten, member of the House of Representatives' Naval Affairs Committee, declared in an interview in Washington May 25. He said the United States should lose no time in establishing protective naval and air bases on the American islands of the Pacific if Japan insists upon scrapping the existing ratios. "There is no reason why Japan should be planning a large ratio when the treaties are to come up for reconsideration next year," Mr. Britten said. "Her seizure of millions of acres in Manchuria does not make it necessary and there seems to be no threat apparent here from the Chinese navy. The only conclusion is that she plans to dominate the Pacific Ocean with a navy greater than any other on earth. If that is her intention, then the other powers of the Pacific must be on their guard so that Japan does not duplicate among their possessions the methods she used in Manchuria."

Instability in naval affecting the Pacific area would be particularly regrettable at the present time in view of events which are held to strain at provisions of the treaties regulating political stability of the Pacific, according to Washington observers. They refer mainly to the recent "hands-off-China" policy as announced by Japan, and the question of Manchukuo recognition. Philippines independence provides another reason why naval instability on the Pacific is to be avoided at this time. Incidentally plans for the granting of "home rule" to the Hawaiian Islands have been definitely rejected by the Administration, which has, as a matter of fact, even taken steps to further abridge local rule in Hawaii. Greater militarization and construction of naval defences on the islands was considered probable in some circles. Alaska remains virtually defenceless at the present time but it was hinted in some quarters that steps may even be taken to fortify the Alaskan coast-line and establish naval bases there.

There is a growing feeling that the United States and England should put up a united front against Japan's desire for a revision of naval limitations. The New York *Herald Tribune* is taking a leading part in bringing about such Anglo-American cooperation.

According to reports current in Tokyo the Japanese Foreign Office has instructed diplomatic representatives abroad that the Japanese Government is determined to exclude discussion of Far Eastern affairs from the 1935 Naval Conference, and is resolved to confine negotiations solely to naval matters.

British political circles are quoted by *Havas* as saying that Paris would be the best place for the meeting of the 1935 naval conference, it being preferable that the negotiations should not take place in a country immediately concerned.

How Japanese Views the Independence of Philippines

Commenting on the independence which the Philippines will attain ten years hence, the *Osaka Asahi* says that economic causes play an important part in America's final decision to abandon her rule of the islands. So far as the strategic value of the possession of the Philippines is concerned, it is practically gone. If the Japanese navy remained in the state in which it was at the time of the Spanish-American War, an American naval base in the Philippines would play a very important part in naval operations in the Far East. With the Japanese navy at its present strength, however, the Philippines are of no strategic value to the American navy. The indepndence of the Philippines will mean the withdrawal of America's first line of defence from that country to Hawaii, but this by no means tends to accentuate the zeal of both Japan and America over naval armaments. It is hardly necessary to say that Japan will guarantee the territorial integrity of the Philippines after her independence, and so the independence of the Philippines will mean the relief of the American navy of the responsibility for the defences of that country. The abolition of that line of defence in the Far East by America does not mean the retreat of America's commercial Imperialism; America can find many means and methods other than her naval force to uphold her commercial rights. It must, therefore, be remembered that to put the Japanese naval strength on a parity with that of America is not the sole way for Japan to protect her rights and interests in ths Far East. For this purpose, it is necessary for Japan to establish a sound foreign policy which can win the confidence of the Powers. A sound foreign policy means the establishment of a solid China policy innocent of Imperialistic ambitions. If Japan shapes her course in this way, America can grant independence to the Philippines with an easy mind, and the growth of the mania for naval expansion may be checked.

No Franco-Soviet Alliance

Commenting on a report from the United States to the effect that a new Franco-Russian defensive and offensive alliance was discussed during the recent interview in Geneva between Louis

Barthou, French foreign minister, and Maxim Litvinoff, Soviet foreign commissar, French newspapers May 22 stated that this information is as untrue as it is sensational. They point out that the U.S.S.R. is not yet a member of the League and difficulties with which its candidature would meet in Geneva would still more handicap the conclusion of a Franco-Soviet alliance.

English Arms Plants Work Day And Night Making Planes, Gases and Other War Material

The London *Daily Herald* May 25 reported that the British armament industry is busy in the production of arms of every description. Sheffield is working day and night on the production of steel for airplanes and in certain instances the turnover has been doubled. Hundreds of new skilled laborers have been taken on. Those firms producing military airplanes are the busiest of all and orders for bombing planes placed with the three largest English factories from abroad are worth millions. Proofs of this rise are the shares of the British airplane factories. Simultaneously new deadly poison gases are being developed and tried out.

Japan's largest capital warships, the *Mutsu* and *Nagato*, are to undergo virtual reconstruction to meet the ever-changing needs of naval technique. The *Mutsu* and *Nagato* are the youngest of Japan's capital ships, although the *Nagato* was finished in November of 1920 and the *Mutsu* in October of 1921. The *Nagata* was built at the Kure naval arsenal and the *Mutsu* was constructed at the Yokosuka naval arsenal. Each has a speed of 23 knots. It is said that Navy Minister Osumi also has approved recommendations for extensive improvement of the best-equipped of the 12 first-class cruisers of Japan, the *Myoko*. The cruiser is of 10,000 tons and was finished in July, 1932, at the Yokosuka naval arsenal.

Disarmament Conference Assembles in Geneva in Pessimistic Atmosphere

The General Commission of the Disarmament Conference assembled in Geneva May 29, with 14 Foreign Ministers in attendance, in a pessimistic atmosphere. Norman Davis, summarizing the attitude and policy of the United States, said America was prepared to co-operate in every practicable way in the efforts to secure a general disarmament agreement.

M. Litvinoff as foreign commissar of a country which has been increasing its armaments because of the Far Eastern situation, is reported to have omitted from his speech any oratory on the subject of armaments reduction and instead talked on a pact of mutual assistance.

America Doesn't Want to "Hold the Bag" on Manchurian Question

Recent messages both from London and Washington made it quite clear that neither Britain nor the United States will attempt to make any move to *compel* Japan to desist from further encroachment upon tha sovereignty of China, (as for example, the onslaught on Manchuria.) Writing in the *Chicago Tribune*, Arthur Sears Henning, Washington correspondent, April 26 stated that President Roosevelt was proceeding cautiously in the formulation of a Pacific policy. The one thing he wants to avoid is getting the United States out in front of the other nations in a dispute with Japan. Mr. Hoover and Secretary of State Stimson did precisely that in undertaking to discipline Japan for the seizure of Manchuria, and all they accomplished was the concentration of Japan's resentment upon the United States. If the Roosevelt administration eventually joins in action against Japan, the other powers, there is reason to believe, will have to convince Washington of a greater measure of good faith than they accorded Messrs. Hoover and Stimson, on whom they ran out, leaving America to hold the bag, Mr. Henning writes.

Chinese Comment on Sir John Simon's Statement

Commenting on Sir John Simon's recent statement that the Nine Power Treaty made no provision for the use of force to maintain its provisions, the Shanghai *Shun Pao* commented:—"We feel that Sir John's statement is likely to encourage foreign aggression in this part of the world by removing the last check on them. It seems that Sir John has committed the same mistake as did the British Foreign Minister immediately before the World War. The failure of the Disarmament Conference is now a fact. No effort is likely to deter nations from a mad armament race, and the world situation now is even worse than that on the eve of the last war. In present circumstances, the British Empire stands as one of the countries most directly involved. Whether the next war breaks out in Western Europe or in the Far East, British interests will be affected in the same degree. Britain now holds the balance in regard to a dangerous situation. It is only natural for British leaders to take active steps to safeguard their interests and their motive in so doing is not to be questioned. But, because of the key position Britain now holds and because of her vast interests the world over, the need of careful action cannot be over-emphasized. If Britain, in her position as one of the foremost Powers, is merely contented with affirming her interests and takes no further step to avert an approaching disaster, then force of circumstances may be such as to upset her anticipations."

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Who's Who in China

General Chinag Ting-wen, Army Commander; born at Panshan, Chuchi district in Chekiang, 1894; received his early education at home; after the Revolution of 1911, he joined the Hangchow Military School from which he was graduated; during the campaign against Yuan Shih-kai in 1914, he was a batallion commander of Hangchow Defence Force and in this capacity, led the troops under his command to attack the Headquarters of the then Military Governor of Chekiang, resulting in the expulsion of Governor Chu Shui from the province; when Gen. Yang Chang-teh became Military Governor of Chekiang, he left the province for Kwangtung and joined the Whampoa Military Academy as an instructor; soon after when the Training Corps of the Acadamy was organized, he joined the Corps on active service and participated in the campaign against the late General Chen Chiung-min who then rebelled against Dr. Sun Yat-sen; he fought at the seige of Weichow, during which he was seriously injured; after the suppression of the Chen revolt, he campaigned against two other recalcitrant generals in Kwangtung and routed a large rebel force with only one battalion; as a result of this distinguished service, he was specially commended by General Chiang Kai-shek, then President of the Wampoa Military College; when the Nationalist Revolutionary Army launched its Northern Punitive Expedition in 1926, he was appointed Commander of the 5th Regiment of the First Nationalist Army and participated in many pitched battles in Hunan and Hupeh during the Nationalist advance into the Yangtsze Provinces; appointed Garrison Commander of Eastern Chekiang in 1927 and soon promoted Commander of the 1st Nationalist Division; in the latter capacity, he fought in northern Anhwei and captured Pengpu and Hsuchow from the Northern militarists; in recognition of this service, he was promoted Vice-Commander of the 1st Nationalist Army and concurrently Commander of the 1st Division; at that time Chang Tsung-chang was still holding out in Shantung and he was ordered to continue the campaign against him, in the course of which he succeeded in capturing many important cities; during the Yen-Feng War with the National Government in 1930, he was Commander of the 2nd Nationalist Army and concurrently Commander of the 9th Division and fought against the Yen-Feng Forces along the Peiping-Hankow Railway up to Loyang and Tungkwan; after conclusion of the campaign, he was appointed Garrison Commander of the Lunghai Railway; soon the Communists in Kiangsi became again rampant and he was appointed Commander-in-Chief of the Fourth Group Army of the Government Bandit-suppression Forces to suppress the Communists in Kiangsi; during the Sino-Japanese Hostilities in Shanghai in 1932, he was appointed Commander-in-Chief of the Left Wing Army stationed along the Shanghai-Hangchow Line; after the signing of the Armistice on May 5, 1932, his army was transferred to Pengpu and he resumed his former post as Commander of the 2nd Nationalist Army and concurrently Garrison Commander of Pengpu; soon after his duties at Pengpu were taken over by General Hsu Ting-yao, Commander of the 17th Nationalist Army, and he was appointed Director of the Water Constabulary Bureau of the Yangtsze Provinces with Headquarters at Wuchang and concurrently Director of the Recruits Training Office; in Autumn of 1932, he was appointed Field-Commander of the Northern Route Bandit-suppression Forces and acting Commander-in-Chief, in which capacity, he led his Armies into Kiangsi and fought against the Communists, winning many victories; when the Fukien Rebellion flared up early this year, he was ordered to launch an expedition against the rebels and shortly after the start of the expedition, his Army captured in rapid succession Yenping and Foochow, seat of the rebel Government; after the suppression of the revolt, he was promoted Commander-in-Chief of the Eastern Route Bandit-suppression Forces to campaign against the Communists, which post he now holds: address: Headquarters of Commander-in-Chief of Eastern Route Bandit-suppression Forces, Amoy, Fukien.

Chiang Ting-wen

蔣鼎文氏字銘三，浙江諸暨之盤山人，生於一千八百九十四年，髫齡受書，卽抱革命思想，民國光復慨然入杭州學生軍，旋轉入浙省陸軍講武堂，畢業後，服務浙軍，民五討袁之役，氏以省城守備隊連長發難，率隊攻將軍署逐朱瑞，未幾楊常德入浙，軍閥勢燄復張，氏知事不可爲，遂間關赴粵任黃埔陸軍軍官學校爲教官，旋教導團成立，服務行間，東征惠州之役，身被重創，迨陳逆撲滅，回師討伐楊劉，與甯河之戰，氏以一營之衆，破逆敵萬餘，十五年秋北伐，氏以第一軍第五團團長從征，轉戰湘鄂間，靡役不與，屢樹奇勳，十六年任浙東警備司令，復擢一師師長，駐准右佔領蚌徐，翌年升第一軍副軍長兼一師師長，是時軍閥張宗昌仍負固山左，氏奉命北征，累月之間，迭克名城，閻馮之役，氏以第二軍軍長兼第九師師長指揮中央軍由平漢路北進與敵血戰於杞縣太康間至潼洛始收平，軍事結束，氏乃兼任隴海路警備司令，不數月復以赤匪猖獗，調赴贛省任勦赤軍第四軍團總指揮，一二八事起淞滬，諸軍抗日血戰，氏奉令移駐滬杭間，任右翼軍總指揮，比協定告成，北調蚌埠，仍以第二軍軍長兼蚌埠警備司令，既而徐庭瑤接防津浦，氏奉中央特任爲長江各省水警總局局長，駐節武漢，並兼武昌編練處主任，是年秋奉令爲贛粵閩湘鄂勦匪軍北路前敵總指揮，兼代總司令，率部入贛，屢功迭奏，俟閩變突起，氏復提兵申討，一戰而下延平，再戰而克水口福州，匝月而閩亂戡定，現擢任東路總司令仍繼續勦匪工作。

Huge Strikes Threatened in the United States

Coincident with the improved economic conditions in the United States, there are indications that prolonged labor troubles, similar to those of the Pullman and Homestead strikes of four decades ago, are imminent. Neither the strikes on the West Coast or at Toledo have so far been settled, and on top of this the union of textile workers threatens a huge strike during the early part of June.

At Toledo, Ohio, in pitched battles between several thousand strikers of the Electric Auto-Lite Co. and the National Guard, two were killed and two hundred wounded. One hundred strikers were arrested by the police.

Japanese Shipping Hit by Longshoreman's Strike

On the Pacific coast shipowners are reported to be considering the laying up of shipping which is already virtually at a standstill as the deadlock in the longshoremen's strike continues. Fifty Japanese sailors who were loading the *Oregon-Maru* fled when attacked by demonstrators. A number of them were injured. Attempts to unload an 800 ton silk and general merchandise cargo from the N.Y.K. liner *Heiyo Maru* at Vancouver were balked by the adamant attitude of the longshoremen there, who will not undertake the job until the dock workers strike in the United States is settled. The *Heiyo Maru* sailed back to Vancouver from Seattle after the longshoremen's strike in the American port had prevented the unloading of the cargo, it was reported.

Silver Bill Comes Up in House

President Roosevelt's Silver Bill was scheduled to come before the House of Representatives, May 30. There were prospects that the proposed 50 % tax on profits would be eliminated.

President Roosevelt has exercised for the first time his power under the National Recovery Administration to impose additional import restrictions. He announced May 26 additional duties, ranging from five to 23 cents a square yard, on rugs, the chief material of which is cotton. The U. S. Government meanwhile is considering following the action of Great Britain in restricting the importation of cotton and textile goods, if which Japan furnishes a large proportion.

New Treaty with Cuba Annuls Platt Amendment

A new treaty was signed at Washington May 29 between Cuba and the United States, the main provision of which is to annul the Platt Amendment to the Cuban Constitution, which gave the United States the right to intervene in Cuban affairs to maintain law and order.

A bill making race track gambling legal was signed by the governor of New York state last month.

Dr. George Sellett, Retiring District Attorney, Will Practice Law Here

The appointment last week of Felthan Watson as district attorney of the U. S. Court for China relieves from the duties of the office Dr. George Sellett, who has held the post since 1926. In that year, upon the impeachment of Leonard G. Husar, Dr. Sellett's predecessor in office, on a charge of bribery, Dr. Sellett was appointed by Judge Milton D. Purdy to conduct the investigations. Mr. Husar was immediately dismissed by Washington and shortly afterwards Dr. Sellett was appointed to the post.

Dr. George Sellett

His first prosecution for the government was that of his predecessor, and his conduct of the prosecution was a brilliant example of forensic skill. Excellent as has been Dr. Sellett's work in court, it would appear that his talents exhibited themselves to the best advantage in handling disputes which he kept out of court, and generally to the satisfaction of the disputants themselves. Filipinos, negroes, American seamen, all at various times have found themselves in difficulties, and in many cases Dr. Sellett has been able by friendly advice and practical help to avoid their peccadillos from being aired in public. Marital disputes also were frequently kept from the divorce stage through Dr. Sellett's kindly suggestions. Dr. Sellett is the fifth district attorney of the United States Court for China, his predecessors being Arthur Bassett of Missouri, 1906-1910, Frank E. Hinckley, California, 1910-1915, Chauncey P. Holcomb, Delaware, 1915-1922, and Leonard G. Husar, California, 1922-1926.

Dr. Sellett was born in Illinois on November 20, 1898, and graduated from both the Art and Law Schools of the University of Michigan, with the degree of Doctor of Jurisprudence. As a young lawyer he came out to Shanghai in 1923 and soon opened the law firm of Sellett and Blume. Mr. Blume left for the United States after several months and Dr. Sellett remained as the sole member of the firm. Apart from his practice Dr. Sellett has taught law at the Soochow Comparative Law School, of which he was at one time Dean. Dr. Sellett will remain in Shanghai. He will practice law with offices in the Hamilton House.

Fighting Malaria With
Dr. Williams' Pink Pills.

Anyone who has experienced an attack of malaria knows how depressed in mind and weakened in body the fever leaves one, and recovery is often slow, for there is the constant danger of a relapse to be guarded against.

The malarial parasite flourishes in the blood but it can only do so when the blood is below par in quality and quantity. To avoid falling a victim to the scourge of malaria, or if you have already had an attack, then to hasten recovery, the quickest and surest method is to maintain the quality and quantity of the blood at a high level. To do this there is nothing better than a course of Dr. Williams' Pink Pills, the prescription of a physician, an M.D. of Edinburgh University, which have been proved by rigid medical tests definitely to increase the number of red blood corpuscles and the haemoglobin content. A normal percentage of haemoglobin is essential in order to enjoy perfect health for it is this substance which carries oxygen from the lungs and nutriment from the food digested in the intestines to every cell of all the organs and tissues of the body.

If you are anaemic, run-down, nervous, lack appetite, flesh and strength, build up your blood by means of Dr. Williams' Pink Pills, the tonic which is known to create rich, red blood. You will be pleasantly surprised at the early improvement in your condition and returning health and strength will enable you to resist malaria and other ills. Obtainable at chemists everywhere.

"The Seaboard Route to the North"

Travel on The

Peping-Liaoning Line

Starting at Peping, the ex-capital of China, called the most interesting city in Asia, with its intricate systems of walls, its Imperial palaces and its beautiful temples and tombs the Peping-Liaoning Line goes down to Tientsin, the great port of Chihli, and from there swings in a wide circle on its pathway to the north. From Lanchow to Chinchow the railway follows the line of the Gulf of Chihli, passing through Shanhaikwan, where the Great Wall ends at the sea, and thence on to Mukden, the ancestral home of the Manchus, a city which vies with Peping in its splendor of palaces and temples and ancient shrines.

Through tickets are issued and passenger's baggage registered through between the important stations on the Peping-Liaoning Railway and the South Manchuria, Choser (Korean) and Imperial Japanese Government Railways. At Peping connections can be made with the Peping-Hankow Railway and with the Peping-Suiyuan Railway and at Tientsin connections can be made with the Tientsin-Pukow Railway, for Tsinanfu, Nanking and Shanghai.

For information as to rates, schedules, accommodations, etc. apply to any Tourist Bureau, or communicate directly with the Superintendent of Transportation.

IMPORTANT NOTICE

Owing to the Japanese occupation of Manchuria, tickets are only sold to Shanhaikwan where the Peping-Liaoning Railway crosses the Great Wall. The Chinese Government Railways assume no responsibility for transportation or safety of passengers beyond Shanhaikwan.

Peping-Liaoning Railway

Head Office

TIENTSIN

An Advertisement of the Chinese Government Railways

No. 2

Men and Events

M. Henry, of *Reuters* Osaka office, has been transferred to China.

P. C. Hisken, formerly assigned to the Dollar Steamship ticket office here, is now purser on the s.s. *President Jefferson*.

L. S. Marsh of the National City Bank at Shanghai is planning to depart for the United States on vacation next week. Mr. Marsh will be absent from Shanghai for about six months.

M. L. Hotchkiss of the construction section of the Standard-Vacuum Oil Company will depart shortly on leave, which he will spend at his home in the United States.

The death occurred in Shanghai May 26 at the age of 60 of Dr. S. G. Furstenberg, who had been practising medicine here for many years.

The new building of the Chunshan University at Canton, construction of which has been in progress since last year, will be completed early this month.

The ninth anniversary of the shooting affair in Nanking road, Shanghai, May 30, passed without incident. The police both of the foreign and Chinese-controlled areas took special precautions.

Mrs. Florence King, wife of Donald King, *United Press* bureau manager in Shanghai, secured a divorce in Reno, Nevada, May 29, based on mental cruelty.

Emperor Pu Yi, of Manchukuo, is stated to be seriously ill with typhoid fever. A well-known Chinese doctor of the old school is understood to have been summoned to Changchun.

A set of provisional regulations governing the examination of teachers in middle and normal schools, has been announced by the Ministry of Education, for enforcement on July 1.

Mrs. R. G. Alves Guerra, wife of the Portuguese Consul-General, died in Hongkong May 30 as the result of a bullet through her head—whether a suicide or murder not yet having been determined.

O. C. Bergheer, traveling representative of the Ford Motor Company Exports, Inc., was killed in a motor accident at Phan Thiet, Annam, Indo-China, May 26. The body is being brought to Shanghai for cremation.

Miss Takako Kato, Chief Secretary of the Japan Y.W.C.A. has been nominated as Japanese delegate to the third general meeting of the Pacific Women's Congress to be held at Honolulu in the latter part of August.

The *Min Sheng Pao*, a Chinese daily newspaper, in Nanking, was May 26 ordered to suspend publication for three days, as a punishment for publishing a news item concerning the Executive Yuan despite the censorhip board.

A *Tass* message from Moscow states that the superiority of synthetic rubber over natural rubber has been proved by a study of the wear and tear on automobile tires during the recent Moscow-Kara-Kum-Moscow run.

Dan A. Nettleton of the General Electric Company, Schenectady, N. Y., passed through Shanghai this week on his way home from a business trip ot Bombay, India. Mr. Nettleton's home is at York, Nebraska.

Chen Fu-kwei, a 29 year old Korean, nine feet high and weighing over 300 pounds, the second tallest man in the world, arrived in Peiping May 26, and is due later in Shanghai. From here he expects to proceed to the United States.

A recital will be given at the Shanghai Jewish School in Seymour Road by Bobbie De Lys June 2, at 9.15 p.m. One-quarter of the proceeds will be contributed to the Tiberias Palestine cloud burst sufferers.

T. V. Soong, member of the standing committee of the National Economic Council, called on the Panchen Lama ("Living Buddha") at his Fenglinchiao temporary palace May 26 for a friendly chat.

Peter T. K. Ning will sail from Shanghai June 3 for the United States as a representative of the Asia Life Insurance Company to investigate general life insurance methods and study industrial insurance in America.

Archbishop Mario Zanin, apostotic delegate to China, May 27, led 1000 Shanghai Catholics in a pilgrimage to Shenshan, a sacred mountain near Sungkiang, on which is located an imposing Catholic Cathedral.

The Ministry of Industry has instructed the local Chinese authorities to continue negotiations with the Shanghai Municipal Council with regard to the supply of water and electricity on extra-Settlement roads.

According to allegations filed by seven American hat importers, among them the Blumenthal Hat Company of New York City, the Pao Yu Straw Hat Company of Shanghai collected $30,000 for cargo inferior in quality and short of contents. Pei Hsueh-hai, manager of the Company, had disappeared for a time, but later he was located in Ningpo and arrested. Proceedings against him are pending in the Chinese Court in Shanghai.

Wang Ching-wei, President of the Exeutive Yuan, is again indisposed. He has summoned Dr. Noll, a Shanghai physician, to Nanking to attend him.

The Legislative Yuan has approved the Sino-Turkish Treaty of Amity recently signed by Dr. Victor Hoo, Chinese Minister to Switzerland, and the Turkish Foreign Minister.

Two distinguished French writers are at present in China, namely, Marc Chadbourne, correspondent for the Paris *Soir* and Jules Sauerwein. The latter made a tour of Jehol by automobile.

Twenty-seven workers were suffocated to death in a coal pit at the Tangchaichuang mine of the Kailan Company May 28, when fire suddenly broke out at the opening of the pit.

John Morris, Far Eastern manager of the *United Press* and Mrs. Morris, were at home in Shanghai May 29 to friends to meet James H. Furay, vice-president of the *United Press*, and Mrs. Furay, who had just concluded a tour of Japan.

Dimitri Bogomoloy, Soviet ambassador to China, exchanged opinions with Dr. W. W. Yen, Chinese ambassador to Moscow, regarding the signing of a Sinô-Soviet commercial treaty at Tientsin May 28. Dr Yen is expected to return to Moscow to resume his work in the Russian capital next week.

Six Chinese were executed in Tientsin, May 23. Three of them had made an unsuccessful attempt on the life of General Ma Chan-shan of Nonni River fame, and the other three were sentenced to death for having instigated the recent labor trouble at Tangshan.

Six Chineses were burned to death and two others seriously injured as a result of a disastrous fire in Sisingchiao Road, Nantao, (Shanghai suburb), on the night of May 25. The fire started in a ping-pong ball factory and spread quickly due to its large store of combustible material.

According to statistics compiled by the Agricultural Experimental Station under the Ministry of Industry, the total losses sustained last year as a result of the locust pest are estimated at over $11,400,000. Locusts are again appearing in many parts of North China.

J. P. Marquand, who has been a contributor to the *Saturday Evening Post* of Philadelphia for many years, left Peiping recently on a trip into the interior of China. Mr. Marquand is to return to Peiping before proceeding on his return journey to the United States.

A bill reducing from three to two years the term of duty of army officers and enlisted men in the Philippines, China, Hawaii, Puerto Rico, the Panama Canal Zone and the Asiatic Station was passed by the U.S. Senate May 10. The reduction will not apply in case of hostilities or other emergencies.

Mrs. Margaret Proctor Smith of Louisville, Ky., who has been living in Peiping for several months is now visiting in Shanghai and after a trip to the Upper Yangtsze, Mrs. Smith will depart for Europe, traveling by way of the Trans-Siberian. Mrs. Smith is well known as a writer and lecturer in the United States.

General Han Fu-chu, Chairman of the Shantung Provincial Government, recently telegraphed to the Central Government, petitioning for a sum of $100,000 for the purpose of repairing the temples of Confucius and other ancient Sages at Chufu in Shantung. The petition has been approved by the National Government.

The death occurred at Kuling May 23 of the Rev. Walter Scott Elliott. He first came out to China in 1902 and had seen missionary service in Peiping, Changsha and Kansu. He is survived by his wife, Dr. Eleanor E. Eliott, and two daughters, Misses Margaret and Ruth Elliott of the Chinese Inland Mission, located at Tungcheng, Anhwei.

According to a report in the Japanese newspapers the Woolworth chain-store system in the United States has discontinued all purchases in Germany and has turned to Japan as a source of supplies. The action was taken because of pressure exerted by Jews in the United States who have organized a nation-wide boycott of German goods because of Hitler's anti-Jewish complex.

Hu Pai-yo, member of the Control Yuan, in the course of inspection of the judicial administration in Hopei province, last week, said he had discovered numerous cases which have not been adjudicated in the past five months. Another case awaiting settlement has been pending for seven years. He found the prisons in Tientsin congested and in urgent need of improvement.

The Chinese Women's Club held a reception at Peihai Park in Peiping May 24 afternoon in honor of Madame Nieh, the only surviving daughter of Marquis Tseng Kuo-fan, and mother of Nieh Yun-tai, a prominent Shanghai cotton magnate. Madame Nieh said that this was her first visit to Peiping after an absence of 82 years. When she left the former capital she was only a year old.

Professor George B. Cressey, head of the department of Geology and Geography of Syracuse University, is arriving in Shanghai on June 22 to spend a brief period in travel and research in China. Dr. Cressey was formerly professor of Geology at the University of Shanghai, and is the author of "China's Economic Foundations" which has recently appeared. He will be the guest of Mr. and Mrs. E. H. Cressy of the China Christian Educational Association.

H. J. Timperley, Peiping correspondent of the *Manchester Guardian*, has been appointed an advisory editor of *Asia* magazine, by the editor, Richard J. Walsh, who was recently in Peiping. A paragraph in this column last week did not make this point clear.

All construction work on the two new Chinese gunboats, *I Ning* and *Suining* having been completed, they have been ordered by the Ministry of the Navy to proceed to the Capital. They are being commissioned for service from June 1.

Headed by Admiral Brivonesi, Commander-in-Chief of the Italian Far Eastern Fleet, a group of more than 200 Italian sailors paid a visit to the Sun Yat-sen Mausoleum near Nanking May 25. Admiral Chen Shao-kuan, Naval Minister, gave a dinner in honor of Admiral Brivonesi.

Edgar Snow has been appointed special correspondent in China for the *New York Sun*. The *Consolidated Press Association*, which Mr. Snow formerly represented, has discontinued its foreign service, and its domestic services in the United States have been taken over by the *North American Newspaper Alliance*.

T. T. Zee of the Kincheng Banking Corporation speaking at the tiffin meeting of the Y's Men's Club held at the New Asia Hotel May 28, gave some details of his recent trip on the Lunghai Railway. Mr. Zee painted a rosy picture of the future of the port of Haichow, which, being the terminus of the Lunghai Railway, will draw all the agricultural products from cities along the line and in the Yellow River Valley as far as beyond Tungkwan, the present western end of the gradually extending railway line.

Yu Ling-wu *et al.* (trading as the China Soda Consumers Society) are suing the Centrosojus (England) Limited in the British Supreme Court in Shanghai claiming damages of over $50,000 through the defendant's alleged negligence in packing a shipment of soda ash in defective bags; by supplying a large quantity of the material in what they allege was a dirty and unsable condition, mixed with "sweepings," also alleging that an excessive amount of moisture was found, on analysis, to be contained in the soda ash.

The Executive Yuan May 23 decided that the Nanking Municipal Government and the Public Health Administration of the Ministry of Interior be jointly entrusted with the task of formulating plans for the erection as early as possible of dwelling-houses for the poor in Nanking. The Regulations governing the transportation of refugees by railway and steamer—jointly submitted by the Ministries of Interior, Communications and Railways—were adopted. The said Regulations will be jointly promulgated by the three Ministries.

Americans Observe Memorial Day, May 30

The American Community in Shanghai fittingly observed Memorial Day (May 30). The American Company and American troop, S. V. C. had charge of the arrangements. E. S. Cunningham, U. S. Consul General, was master of ceremonies at the service at Bubbling Well Cemetery. The Fourth Regiment Marines Band furnished music.

British Investment in China Is Larger Than Japanese

With regard to the British interests in China it is authoritatively pointed out in London that British investments in Shanghai are three and a half times those of Japanese. In China proper the British investments total £197,000,000 sterling, and make up 56 per cent of the total foreign investment, as against the £74,000,000 sterling of Japan, which is 21 per cent of the total. The United States investments amount to £32,000,000, or nine per cent of the total.

Sir Frederick Maze Entertained in London

Sir Frederick Maze, Inspector-General of the Chinese Maritime Customs, who arrived in England on May 21 on furlough, was the guest of honor at a banquet given on May 29 by the Grocers' Company. Another dinner in his honor will be given on June 14 by the China Committee, while the China Association and the Central Asia Society also are arranging to entertain Sir Frederick.

Bond Issues by Provinces and Municipalities Total $204,000,000

A total of $204,000,000 worth of bonds have been floated by provincial and municipal governments in China, according to a survey completed last week by the Rural Reconstruction Committee headed by Wang Ching-wei, president of the Executive Yuan. There are, in all, 61 kinds of issues. Szechuen leads in the bond flotation whith 12 kinds, and an aggregate value of $48,2000,000. The 21st Route Army is responsible for a majority of these issues. The Chekiang Provincial Government issued seven kinds of bonds with an aggregate value of $30,000,000.

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C. N. A. C. Inaugurates Daily Service to Hankow

Because of increased mail and passenger traffic on the lower-river line of the China National Aviation Corporation, it has been decided to inaugurate a daily service between Hankow and Shanghai, commencing June 1. No change has been made in the upper river schedule, the planes, as before, leaving Hankow for Chungking at 7.30 a.m. each Monday, Wednesday, and Friday, and Hankow-bound planes from Chungking leaving at the same hour on Tuesdays, Thursdays and Saturdays.

Two new airplanes which are being constructed by the Naval Air Establishment in Shanghai will be added to the Air Force of the Chinese Navy in the near future. One of the planes is a training machine, while the other is to be named *Ning-Hai No. 2.* The training plane, which is made entirely of steel, will be completed next week, but its name has not yet been decided upon. *Ningl-Hai No. 2.* is still under construction and is expected to be completed in the middle of June.

The British Imperial Airways Company will shortly despatch a representative to Nanking to negotiate with the Government for the joint operation of a Shanghai-Hongkong-Singapore air service. The China National Aviation Corporation is considering plans for the extension of its Shanghai-Canton Airline to Hongkong to connect with the proposed Hongkong-Singapore line of the British Imperial Airways Company.

CHINESE AVIATION MISSION IN THE U.S.A.

The Chinese aviation mission from Canton which is now visiting in the United States was entertained by the Chinese Chamber of Commerce in Chicago on April 27. Those in the picture, in the foreground, left to right are: Chen Shut Ling, Col. Shang de Senn, Col. Mui Lung On, Maj. Gen. Wong Kong Yue, and Col. Ding Gay Chue. After inspecting airports in the Chicago district the party departed for New York. Gen. Wong Kong Yue, third from the left in the foreground is a graduate of the Redwood City, Cal., flying school.

Canton Air Chief Arrives in London

Lieutenant General Huang Kuang-jui, Commander of the Cantonese Air Forces, arrived in London this week for the purpose of placing orders for a number of military planes. He came from the United States where he visited several of the more important airplane manufacturing plants. Another military commission from China, headed by General Yang Chieh, President of the Central Military College at Whampoa, was also due in London this week.

In addition to 50 "Fleet" planes sold by the Consolidated Aircraft Corporation to China during the four months of this year, the *Review* is informed that the Corporation has recently received an order for 20 planes from the Roumanian Government and five sea-planes from the Portuguese government.

An aerial train consisting of an airplane with three gliders in tow, which left Moscow May 22 for Koktebel in Crimea, safely arrived at its destination the following day.

A new regular air service is shortly to be inaugurated between Tiflis and Moscow, across the main Caucasian mountain range, the whole distance taking 12 flying hours. Radio-beacons are being erected along the route.

A contract for the establishment of a regular Zeppelin line between Germany and Brazil was signed recently at Rio de Janeiro between a representative of German Luftschiff and Zeppelin companies with the Brazilian Minister of Transport.

New Air Service Opens in Japan

A new airplane line, between Tokyo and Toyama, Toyama Prefecture, was formally opened May 15 by the Japan Air Transport Company, planes covering the 240-mile run in about two hours.

Four Japanese Navy Fliers Killed

Four Japanese Navy fliers were killed on the same date as a result of two accidents in different parts of the country. Five naval planes passed over Fukushima in the morning on a formation flight. A few hours later, two of the craft flew back and dropped a message stating that one of the planes had crashed into the sea near Shieya Peninsula. Fishing vessels hurried to the scene and extricated from the wreckage the bodies of Lieut. Masuda and Lieut. Shimada. Lieut. Murazaki and Chief Warrtan Office Kobayashi were reported to have been killed when a scout plane of the Third Flying Corps, in which they were making a non-stop flight to Hachijo-ga Island, in the Pacific, plunged into the sea near Hamana-ke Lake.

While Major Chugoro Suzuki, flying instructor, was giving a lesson to I. Hisatomi, a student pilot at the Tokorozawa Military Aviation School, May 24, the plane struck an airpocket and was jerked out of control. The sudden downward movement caused Hisatomi to be catapulted into space. After describing an arc through the air, thousands of feet above the earth, he struck the plane which was careening to the ground with a corkscrew-like motion. The young student instinctively grabbed the wings and succeeded in climbing into his seat while Major Suzuki struggled to gain control of the falling craft, which finally crashed into a twisted heap. Neither of the two men was seriously injured, although Hisatomi was covered with bruises and lumps as a result of his collision with the plane in mid-air.

A passenger plane recently purchased by the Mitsui Bussan Kaisha from an American company for shipment to Manchukuo crashed in the night of May 18 with nine persons aboard at the Haneda airport, but the casualties consisted only of slight injuries to Minoru Kunieda, a first class pilot of the Manchukuo air transport company. The plane was about to alight when the rear end struck the breakwater, shattering the fuselage.

According to the Tokyo *Asahi*, the Japanese naval anthorities have decided to establish a flying corps at Maidzuru in the next fiscal year with the douhle object of defending the Japan Sea from aerial attacks and of safeguarding the air route between Japan and Manchukuo and Korea. The first naval replenishment program provides among other things for the establishment of 14 flying corps. Of this number, four have so far been established. As the second naval replenishment program also provides for eight more flying corps, the Japanese navy will have 18 more flying corps by 1937.

Of ten planes belonging to the Tanaka Aviation Institute of Tokyo, which were engaged in a publicity flight over Yokohama, two crashed into the sea May 12, their four occupants being drowned. The flight was being undertaken as part of the publicity boosting a propaganda air defence film.

United Aircraft Split Into Three Concerns to Meet Government Regulations

In order to meet new Government regulations, the United Aircraft Corporation has been reorgonized and split into three separate componies, it was announced May 24 by P. G. Johnson, president of the corporation. The companies will have a capitalization of U. S. $21,000,000. The reorganization was due to the Government's ruling that mail lines cannot be affiliated with companies manufacturing planes. The three companies will be the United Airlines Transport Corporation, to handle mail, and two manufacturing companies, the United Aircraft Corporation and Boeing Aircraft Company.

It was announced in Washington May 23 that the United States Army is purchasing 90 attack planes for delivery early in 1935. The bids have already been requested and the specifications isued. The new craft, which are expected to cost approximately U.S.$8,000,000, are to be constructed along the most advanced lines of modern warfare, with special attention being given to speed.

New Books of Interest in the Far East

More Sidelights on Lenin

Reminiscences of Lenin, by Clara Zetkin; published by the International Publishers, New York City.

As the years roll on, items which throw light on the life of the mighty Lenin will become increasingly valuable to those whose task it is to analyze our age and its most outstanding figures, wherefore we owe profound thanks to Frau Zetkin, one of the most intelligent and admirable of the German communists, for recording her memories of the incomparable Bolshevik before she died.

Her reminiscences are of Lenin conversing with a comrade and friend about matters both great and small, and so we get an unposed photograph of him. An exchange on illiteracy in old Russia is especially illuminating.

"Don't compain so bitterly of the illiteracy, Comrade Lenin," said Frau Zetkin. "To a certain extent it really helped forward the revolution. It prevented the mind of the workers and peasants from being stopped up and corrupted with bourgeois ideas and conceptions. Your propaganda and agitation is falling on virgin soil. It is easier to sow and to reap where you have not first of all to uproot a whole forest."

"Yes, that is true," Lenin replied. "But only within certain limits, or more correctly, for a certain period of our struggle. Illiteracy was compatible with the struggle for the seizure of power, with the necessity to destroy the old state apparatus . . . (it)is incompatible with the tasks of construction."

Lenin's opinions on sexual *mores* are set forth with great clarity.

"You must be aware," he says," of the famous theory that in communist society, the satisfaction of sexual desires, of love, will be as simple and unimportant as drinking a glass of water . . . Of course, thirst must be satisfied. But will the normal man in normal circumstances lie down in the gutter and drink out of a puddle, or out of a glass with a rim greasy from many lips ? . . . As a communist, I have not the least sumpathy for the glass of water theory . . . I don't mean to preach ascetism by my criticism. Communism will not bring asceticism, but joy of life, power of life, and a satisfied love life will help to do that . . . Young people, particularly, need the joy and force of life. Healthy sport, swimming, racing, walking, bodily exercises of every kind, and many-sided intellectual interests. Learning, studying, inquiry, as far as possible in common. That will give young people more than eternal theories and discussions about sexual problems and the so-called "living to the full." Healthy bodies, healthy minds—Neither monk nor Don Juan, nor the intermediate attitude of the German Philistines."

Lenin, although a realist as well as a communist—a communist, of course, should also be a realist, but many who call themselves "communists" are romanticists—was not free, it seems, from the most common failing that characterizes the more ardent apostles of Marx.

"But all the excellencies of Budyenny (the brilliant Soviet cavalry leader) could not," he says in discussing the defeat in Poland, "make up for our deficiencies in military and technical affairs, still less for our political miscalculations—the hope of a revolution in Poland. Radek predicted how it would turn out. He warned us. I was very angry with him, and accused him of *defeatism*. But he was right in his main contentions."

"Defeatism"—that is the most constant cry of pseudo-Marxists, and some real Marxists, when they cannot find any other answer to make to a cold-blooded analysis of why Red revolution is improbable in any given country at any given time. But although Lenin made this error, at least once, he had, unlike many of those who take his name in vain, the intellectual honesty to admit he was wrong when events proved him so.

W. B.

A Popular Book on U. S. Presidents

Pen Pictures of the Presidents, by Fred T. Wilson; Southwestern Company, Nashville, Tennessee, 1932. 554 *pages, illustrated.*

This book is a compendium of facts concerning the presidents of the United States of America. The author tells us that he has spent much time in its preparation, and has endeavored to present an impartial view of the characters. The information in these sketches has been carefully investigated and weighed so that they are as trustworthy as the author can make them. His style is easy and his vocabulary is well suited to students of High School and college age.

The book has a chapter on each of the thirty presidents including Herbert Hoover. At the end of the volume is a chapter which sums up many facts concerning the presidents taken collectively as a group of public men.

This book will be of interest to many Americans (especially to youths) and to readers of other lands who seek knowledge of American public men and the elements that have raised them to prominence. We consider the book excellent for Chinese students of these matters.

The value of the book would be enhanced if it had a carefully made index. However, the character sketches are brief enough to prevent much waste in effort when hunting certain desired facts.

30 March, 1934. G. B. S.

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THE CHINA WEEKLY REVIEW

160 Ave. Edward VII.

Shanghai.

IN THE UNITED STATES CONSULAR COURT AT SHANGHAI, CHINA

In re. Estate of EDWARD H. DUNNING Deceased	Cause No. Estate No. 146 NOTICE Filed at Shanghai, China, May 23, 1934. William T. Collins, Clerk.

Pursuant to an Order of said Court, notice is hereby given to all persons having claims against the estate of EDWARD H. DUNNING, deceased, to present the same with vouchers to the undersigned on or before June 23rd 1934, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

STIRLING FESSENDEN,

Municipal Building

Shanghai, China.

Shanghai, China.

May 23, 1934.

Complete Text of Dr. L. Rajchman's Report on League Co-operation with China

The report, dated April, 1934 by Dr. L. Rajchman, liaison officer on technical co-operation between the League of Nations and China, was officially issued at Nanking and Geneva, May 10. The report is being published in serial form in the China Weekly Review. The following is the third installment.

(Continued from last week)

Land-tax is, of course, in any country where economic conditions resemble those of China the main source of provincial revenues. And, heavy as are the burdens of land taxation in Chekiang, the total revenue shown in the accounts as received would probably not necessitate an excessive burden if it were equally and inexpensively collected without large evasion, misappropriated exactions, and grossly disproportionate incidence in different districts. With an efficient system of collection, reductions in rates could be made, and at the same time the revenue maintained or even increased.

But such a reform must be immensely difficult, lengthy, and, in its initial stages, expensive. It would require a radical administrative reorganization and an adequate survey of land and of ownership kept up to date by registration of sales . . . . Such a fundamental reform of the land system must be a lengthy business, extending over a number of years. And some reform is urgent. The first necessities are simplification, equalization, and reduction, and a removal, or at least mitigation, of some of the worst anomalies of assessment.

8.—Whether rents and taxes are tolerable depends in some degree upon the strength of the farmer to sustain them. In China the labour of the farmer is not assisted by the provision of facilities for cheap credit or for marketing advantageously his crop, or making the purchase of his necessities. It is difficult to obtain figures showing the rate of interest charged by rural moneylenders.* In many countries it has been found that the best way of dealing with such a situation is by the development of co-operative societies. But a co-operative movement, though it has been begun in certain provinces under the influence of such bodies as the Famine Relief Commission, and is actively supported by the governments, is still in a rudimentary stage of development. In Kiangsi, for example, which has a population of 27,563,000, there are only about 10,000 members of these societies, most of whom are probably not active members. The Dragoni report gives the following tables showing the number of societies in China.

TABLE A.

NUMBER OF CO-OPERATIVE ASSOCIATIONS CONSTITUTED FROM 1925 1932 (CENTRAL STATISTICAL BUREAU)

Percentage of the Total Numbers of each Group.

	Credit	*Consump-tion*	*Pro-duction*	*Marke-ting*	*Pur-chasing*	*Other*	*Tota*
1925–27 . . .	0.2	1.7	–	3.3	–	–	0.3
1928	3.7	4.3	0.9	–	–	–	3.3
1929	26.4	8.6	9.9	10.0	1.9	–	23.3
1930	25.7	22.2	14.9	20.0	17.3	57.1	24.9
1931	31.2	53.0	59.9	43.4	57.7	28.6	35.3
1932 (Part) . .	12.8	10.2	14.4	23.3	23.1	14.3	12.9
	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TABLE B.

PERCENTAGE OF THE NUMBER OF SOCIETIES DIVIDED ACCORDING TO THE NUMBER OF THEIR MEMBERS

Number of Members	*Credit*	*Consump-tion*	*Pro-duction*	*Utili-zation*	*Marke-ting*	*Pur-chasing*	*Other*	*Tota*
1–25	69.5	23.7	43.6	66.2	31.2	69.3	14.3	64.5
26–50	23.5	17.2	33.3	26.3	31.9	15.4	–	23.9
51–75	3.6	0.9	10.3	4.5	15.6	11.5	71.4	4.0
76–100	1.5	9.9	6.3	0.7	6.3	–	–	2.4
More than 100 .	1.0	33.6	5.4	2.3	11.9	3.8	14.3	3.5
Unknown . .	0.9	5.7	1.1	–	3.1	–	–	0.7
Unknown . . .	0.9	5.7	1.1	–	3.1	–	–	0.7
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The management and organization of the existing co-operative credit societies does not yet appear to have reached universally a high degree of efficiency.

Co-operative societies for marketing and buying are still fewer than credit societies, but are needed as much, if not more than, credit societies. The farmer is in a very poor bargaining position as against the merchant. This was pointed out in the report on the studies made last December in Kiangsi, a paragraph of which may be quoted:—

> In addition to his burdensome taxation and land tenure conditions, the Kiangsi farmer is faced with a serious decline in the price of agricultural produce and an enormous discrepancy between prices which he can obtain locally and actual market prices in the large towns. According to figures furnished by the Provincial Reconstruction Bureau, the difference between prices paid to Kiangsi farmers for their produce and prices charged to consumers in Shanghai may amount to no less than 100%. This question of middlemen's profits is regarded in official circles in the province as one of the most important problems in the work of rural reconstruction.

Various provinces, notably Kiangsu, have attempted to deal with this problem by providing warehouses where the farmer can pledge his grain, thus enabling him to hold it off the market until he can obtain the most favourable prices.

9.—Another adverse factor in farm economy is the absence of a cheap system of communications. When it was recently necessary on account of famine to transport wheat into the province of Shensi it was found that the cost of transportation was forty times as great as it would have been upon a railway. The Government is, however, fully aware of the urgency of improving the system of communications.

10.—Having received the various reports reviewing the situation of agriculture, the National Economic Council came to the decision to assist, both with financial and technical aid, the provincial governments of Kiangsi and of Shensi and Kansu in comprehensive projects of rural rehabilitation.

11.—Kiangsi has for several years been the scene of guerilla warfare with Red troops. The Central Government concentrated its principal and military forces in the province; a considerable part of national revenue goes to financing operations, military and political, in this area. The devastation and many-sided disturbances of social relationship consequent upon protracted civil war of the character described called for urgent measures of rehabilitation, and this explains the reasons which have led the Central Government to select this province for the field activities of the National Economic Council. As active policies still await determination, it will be pertinent to indicate the action proposed by the survey group; it relates to

(1) Land tenure and taxation.
(2) Co-operative societies.
(3) Social welfare and amelioration.

I.—LAND TENURE AND TAXATION

The fundamental factors in the Kiangsi situation which determine every aspect of the life of the province are the economic distress of the farmer anl the despair and resentment which it causes.

The proposals made are on the assumption that, in view of the difficult situation so created, drastic measures are both necessary and desirable. These proposals include the conversion of the tenant-farmer into an owner-farmer, with the full legal property in the land he tills. The type of rural society which would seem to correspond best with the needs of the population of the province is a society of farmer-owners, tilling and managing their own small or moderate-sized properties, with the aid of members of their own family or with a moderate supplement of hired labour, any large properties that may be worked by a great number of hired hands or leased out into tenancies being abolished, and tenancy itself being an exceptional arrangement arising only out of special conditions in the family or character of the land.

The report recommends that, in providing for the general emancipation of the tenants, the procedure should be such that while still making possible a few minor tenancy arrangements by small owners which might be to the convenience of all parties, it would, by giving each tenant a **prima facie** ownership, put upon every owner who is not tilling or managing the whole of his property the onus of proving his claim to continue his ownership as a small owner. The Report indicates what should be the guiding lines for the contemplated reform.

The land-tax system is the core of the problem of rural distress, and no remedy can be effective until the whole system (including the method of collection) is reformed. After a short visit the experts were unable to make detailed proposals on so intricate a problem, but they urge that it should be immediately studied with a view to action at an early date.

The introduction of a progressive land surtax as well as the reform of land taxation, as recommended above, are dependent on the quick carrying through of the work of land registration as already begun by the provincial government.

Since the provincial government has already started work in this field, the report suggests it would be desirable to assist them both by subsidies and by lending them the necessary staff for this work. In view of the national importance of the land registration problem, such assistance as recommended may prove to be of the greatest value not only for the province of Kiangsi, but for the whole country.

*Professor Dragoni came to the conclusion that the average was 35%, and that in some cases, not very rare, it reached more than 100%.

II.—Co-operative Societies

The farmer's need of credit, and the terms on which he can obtain it, are almost as important to him as the taxation he pays and the tenure on which he holds his land.

In the absence of special assistance or organization the farmer has great difficulty in obtaining credit even for the short term between the time of sowing and of harvest and sale; and where he can obtain it, he has to pay exorbitant rates of interest. This need has led to the establishment of some 300 such credit co-operative societies in Kiangsi. This co-operative movement has developed under the initiative and direction of two central organs, an office of the Provincial Government and another of the Famine Relief Commission. These offices are in the same building; but since they act separately, some duplication of work and staff is involved. At the same time the membership of the societies only amounts to about 10,000, and (with few exceptions) the societies are only concerned with the provision of credit. The co-operative purchase of farm implements and the sale of farm products would, however, be of great benefit to the farmers, and the National Economic Council's experts therefore consider that the societies could be usefully extended both in number and the scope of their functions. Moreover, a central co-operative organization for the province would be of great service to farmers by providing certain capital, plant, or storehouses which would enable produce to be disposed of on more favourable terms. They therefore propose:

(1)—The amalgamation of the two central organizations and the formation of a Central Co-operative Council, which, in addition to the general work of promoting and directing the co-operative movement, would establish small industrial plants.

(2)—The extension of the existing co-operative societies.

(3)—The formation of new buying and selling co-operatives.

III.—Social Welfare and Amelioration

There remains that vast field of work required for social welfare and amelioration of all kinds in general and specialized education, in agricultural instruction, and as regards health. For this purpose the Reports proposes:—

(1)—**The Organization and Establishment of a Provincial Welfare Centre in Nanchang.**—This Centre should be divided into a number of departments responsible for the duties:—

(*a*) Mass education, and the education of true rural workers.

(*b*) Agriculture. This Department should serve to a greater extent the needs of practical agriculture as adapted to the needs of the farmer.

(*c*) Health. This Department (which might be named the Provincial Health Centre) should have special sections for laboratory examination, sanitary engineering, and for the establishment and management of a new model provincial hospital.

(*d*) The new Co-operative Office, which has already been described, and for which provision has been proposed, might be regarded as a fourth department of the Provincial Centre.

The whole of the provision of $560,000 under this Section may be regarded as a capital investment involving no recurrent expenditure. Current expenses can be met from existing provincial funds.

(2)—**The Organization and Establishent of Rural Welfare Centres in Ten Rural Districts.**—These ten rural centres should be organized on the same lines as the provincial centre, and should serve as the local machinery for carrying out its work in the rural areas served. They should each include among their work:—

(*a*) Mass education and a model elementary school.

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The public is hereby notified that in accordance with Government instructions the following reduced export duty will become effective from the 25th May, 1934, for a trial period of six months:

Tariff Heading No. 3 (a), (b) and (c).. 5% *ad valorem.*
Tariff Heading No. 3 (d)..St. $1 per thousand.

H. O. Tong,
Superintendent of Customs.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 23rd May, 1934.

CUSTOMS NOTIFICATION NO. 1363

The public is hereby notified that, in accordance with Government instructions, the following rulings will in future govern the re-export of foreign goods:

(1) Foreign goods for which satisfactory proof of import has been produced will be treated as retaining their duty-free re-export privilege for a period of ten years from the date of their original importation, but thereafter they will be treated as native goods and will pay export duty when shipped abroad and interport duty when moved coastwise,

(2) The same duty treatment, irrespective of the time factor, will be accorded to foreign goods in regard to which particulars of importation are not traceable, and so long as the Customs are satisfied with the explanation advanced regarding the non-traceability of the particulars of importation.

Merchants who desire to avail themselves of this ten years' limit of duty-free re-export privilege for their duty-paid foreign imports should take out re-export passes and make sure of preserving full particulars of such importations so that identification, to the satisfaction of the Customs, can be readily established when duty-free re-export within the ten years' limit is required.

H. O. Tong,
Superintendent of Customs.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 25th May, 1934.

CUSTOMS NOTIFICATION NO. 1364

The public is hereby notified that, in accordance with Government instructions, the following reduced export duty will become effective from the 26th May, 1934, for a period of three months:

Tariff Heading	No. 94	.....$ 0.48
" "	No. 105-A	.....$ 0.24
" "	No. 105-B	.....$ 0.30

H. O. Tong,
Superintendent of Customs.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 25th May, 1934.

(b) An agricultural practical station with a teacher who would provide practical courses for the farmers.
(c) Assistance in the formation and working of the co-operative societies elsewhere proposed in their respective districts.
(d) Health services, including, in particular, treatment of urgent sick cases, maternity work, sanitary engineering work (model wells, latrines and drainage, etc.), and health education.

(3)—**Emergency Help for the Refugees and Unemployed.** Immediate help is required to feed and shelter the refugees and the unemployed, and to tend to their health.

12.—The reasons which dictated the selection of the North-West were different from those which determined the choice of Kiangsi. There it is not so much a process of restoration that must be assisted, as measures calculated to prevent recurrent famine and pestilence and provide a reasonable foundation for the development of a very large central area commanding communications between prosperous and less-favourably situated provinces, and demarcating diverging types of agriculture and civilizations. In this area population is scarce, land is plentiful, and, if irrigated, its good quality yields adequate returns, two crops being harvested in a year. The country is mountainous, favourable for plantation of forests and the rearing of horses, cattle and sheep, in this respect widely differing from South and Central China. The farmers are thrifty and hard-working. On the other hand, land and water communications are difficult, rainfall is slight, irrigation works are undeveloped, and droughts are very severe. Cotton, grown in multitudinous varieties, needs rapid improvement. Afforestation methods are too primitive, and natural forests are neglected. Animal husbandry severely lags behind, while animal disease is rampant. Taxation is exacting, poppy cultivation occupies far too great an area, and where irrigation does not extend its beneficial effects the farmers lose their naturally progressive spirit, and lapse into despondency and a disordered way of life.

Recent studies inaugurated by the Railway Administration, the Geological Survey, the International Famine Relief Commission, and by other agencies facilitated the survey begun in February 1933 by the technical officers of the National Economic Council. Dr. Stampar and Messrs. Bourdrez and Okecki are associated in the investigation of rural reconstruction, irrigation, and road-building prospects in selected areas of the two provinces. The survey will last some six weeks, but work on roads and irrigation schemes has been already started. The irrigation operations are in Kansu, Shensi, and Suiyuan, and had been partially carried out by the provincial governments with the aid of loans from the International Famine Relief Commission. These are now being examined by the technical part of the National Economic Council.

It is understood that the Cotton Rationalization Commission is interested in the progress of these operations, since, if irrigated, Shensi would be an eminently suitable centre for cotton cultivation.

The road linking up Shensi with Kansu was also started last year, and will be terminated in 1934. It receives full financial support from the National Economic Council to the extent of $800,000, and traffic is to be operated on it under the auspices of the National Economic Council, for which purpose a sum of $500,000 has been appropriated.

A road to the South-West is being prospected, and its construction will begin shortly.

Health and maternity centres (of the type proposed for Kiangsi) will be established in several localities on the main lines of communication and hospitals developed. A serious effort is required to survey and control an endemic centre of bubonic plague. Urgent measures are under study for the control of animal diseases which have brought great loss to the farmers in the last few years.

The prize of this continued effort would be the prevention of disasters such as in the last three years caused the loss of one and a half million sheep and half a million cattle. The optimism would consist in opening up this vast area for the greater benefit of the national economy as a whole. It is proposed to spend in all $2,500,000.

13.—It should be emphasized that although the work which the National Economic Council is about to undertake in Kiangsi and the North is directed to improving the condition of agriculture, the Council is not the constitutional organ responsible for the nation's agricultural policy. That function belongs to the Ministry of Industries, which is charged with day-to-day administrative duties. The Ministry, in spite of having the responsibility simultaneously for agriculture, industry and commerce, has extensive agricultural interests. Besides its purely executive duties it has organized a research bureau which, during the last two years, has carried out a number of surveys of practical value, notably on crop improvement and the prevention of animal disease. It has also organized a system of voluntary reporters, now numbering 6,000, who send in regular reports of local farm conditions to the Ministry. In addition, the enforcement of the Land Act of June 1930 falls within the Ministry's competence.

This Act represents the programme of desired future accomplishment rather than a code of actual practice. As indicating the goal of land reform in China it is therefore of peculiar interest. The Act consists of about 400 Articles, and covers nearly all aspects of the agrarian situation. Its general effect may be shown by stating that, if carried out, it would turn China from a country preponderantly of tenants who, having regard to the smallness of their holdings, pay very high rents, into one of small farmers, many of them owners, farming compact holdings. The most striking provision was that, where a tenant had cultivated his land for ten years, and the landlord was an absentee, the tenant would apparently without any form of payment become an owner. Moreover, the provincial authorities are given power, where they think fit, to impose a limit on the amount of land to be owned by any one person, and to expropriate, with or without compensation, all owners whose possessions are in excess of this limit. The general trend of the Act is, however, not to abolish the system of tenancy altogether, but to reform it and to protect the farmer against the landlord.

Provision is definitely made for a fixed rent. The limit is put at 37½% of the produce. The tenant is given reasonable security and cannot be ejected unless he neglects to pay his rent or the landlord himself wishes to cultivate the farm. If the landlord wishes to sell, the farmer is to have a prior right of purchase. Upon termination of a contract of tenancy the tenant is to be compensated for improvements which he has made. Increase of crop produce due to these improvements is not to be counted in the calculation of the landlord's share.

One of the most interesting provisions is for the rearrangement of strips into a compact holding. Provided that more than half of the farmers of a district do not make objection, this redistribution, with its resulting advantages, can be compulsorily carried out by the provincial authorities. Provision is made for the compensation of owners who suffer loss in the process of redistribution.

The law also provides for an improved system of land-tax, including a periodical assessment, and one in which, according to modern custom, allowance is made in repect of improvements due to the investment of capital. By permitting the tenant to deduct the land-tax from the rent where he himself has paid it, the incidence of the tax is made to fall on the landowner.

A central land office and a provincial land office are provided for. But this, together with other provisions of the Act, is the programme for future accomplishment.

14.—The application of more immediate administrative measures was called for by the exigencies of the provinces in the Yangtze Valley (Hupeh, Hunan, Honan, Anhwei, and Kiangsi) which are under the special jurisdiction of General Headquarters. Prolonged civil disturbance in parts of these provinces, the eviction of landowners by the Communists, and their return when the areas were recovered from the Red Armies, had produced a very difficult agragrian situation. Titles to land were in dispute; evidence of possession had been lost; a part of the population was inclined to challenge the whole system of tenancy. To meet the situation, and to restore ordered conditions, a number of regulations, mostly dealing with the manner of restoring landowners to their property, were issued by Headquarters. A study of these provisions was made by Professor Dragoni at the Government's request, and will be found in his report.

15.—The settlement of the special problems of Kiangsi can be regarded as only a part of the agrarian question in China. Conditions similar to those in that district exist, with some modifications, in most of the provinces south of the Yangtze. The increasing poverty of the farmer, the spread of undesirable forms of land holding, the flight of capital from the countryside and the decline of rural enterprise were reflected in a growing tension and demand in some quarters for radical changes in the social system. In face of this situation the Government decided to appoint a new body called the Rural Rehabilitation Commission.

16.—The Commission was formed in May 1933, and consisted of the Ministers of Finance, Railway, and Industries, and of a number of eminent agriculturists and economists. One of the difficulties in determing the details of a land policy in China is the lack of accurate information about the social and economic conditions. The Commission's work has therefore up to the present been exclusively of inquiry and investigation. Enrolling the members of Central Government services who are resident in the provinces, as well as the personnel of the Consolidated Tax Administration, it has through them conducted surveys in seven provinces, including Kwangsi, about which exceptionally little was previously known, and has received from these districts information about rents, land-taxes, land tenure, types of soil and climate and crops, and the development of co-operative societies. The method of survey was to take a limited but sufficient number of **hsiens** in each province, and to submit questionnaires to each householder, to the local authorities, and the hsien magistrate. The results of two of these surveys are now available in Chinese. Other surveys were carried out of the tea, milk and cotton industries, all the processes, so far as agriculture was concerned, being minutely studied. An exchange of views was then held with the organs of the National Economic Council which had been conducting inquiries on lines somewhat similar, and a report, with recommendations, is shortly to be published.

17.—On the eve of the Fourth Plenary Session of the Central Executive Committee, the highest constitutional organ, the following telegram was despatched by the Commander-in-Chief to the Executive Yuan. This significant document reads:—

(To be Continued)

Kiangsu Camouflages Opium Monopoly as "Suppression"

The Kiangsu Provincial Government, of which Chen Kuo-fu is now Chairman, is enforcing an opium monopoly throughout the province under the disguise of "Opium Suppression," according to a report in the *Shanghai Evening Post* on May 26, quoting information from the National Anti-Opium Suppression Association and other reliable sources.

To clinch the opium monopoly, the Kiangsu provincial authorities on May 10 promulgated a set of regulations entitled "Measures for Opium Suppression in Kiangsu" and appointed a Committee of Seven to supervise their enforcement. The Committee consists of several high officials of the Kiangsu Provincial Government and prominent Kuomintang leaders, including Yu Ching-tang, Commissioner of Civil Affairs for Kiangsu; Yih Siu-feng, Chief Secretary of the Provincial Government; Yeh Tsu-tsang, Chief Secretary of the Central Kuomintang Headquarters; Chen Chang-po, formerly editor of the *Central Daily News* at Nanking and Han Kuo-chun, formerly Governor of Kiangsu.

District committees under the direct jurisdiction of the provincial body are being organized in every *Hsien* in the province, it is said. Important officials in the provincial committee will be sent to inspect the "opium suppression" work carried out in the *Hsiens*.

According to the *Evening Post*, although the regulations are ostensibly designed to suppress opium and other drug smoking in the province within a period of four months, the stipulations therein are tantamount to opium monopoly.

Among other things, the regulations definitely provide that until the eradication of the habit of opium smoking, opium is only to be sold within prescribed quotas through agents authorized by the provincial authorities to sell and transport opium cargoes.

Opium smokers in the province are required to register with the district or provincial committees between June 1 and August 31, 1934, and apply for licenses to use the drugs.

National Anti-Opium Association officials declare that they could not summarize the stipulations in those regulations in any word other than "monopoly." The status to be created under the regulations will be exactly similar to that in places where opium monopoly is carried out without camouflage, they claim.

Opium Suppression Regulations

The *Shanghai Evening Post* gave a complete translation of the Regulations for Opium Suppression in Kiangsu as adopted by the Kiangsu Provincial Government, of which the following provisions are the most important ones:

"3. The opium suppression task should be completed in this province within a period of four years.

"6. Before the completion of opium suppression work, the provincial government is to authorize agents, under a special set of regulations, to sell and transport opium within prescribed quotas.

"7. Smokers in this province must register with the authorities between June 1 and August 31, 1934, so that licenses may be issued them and that they may be ordered to stop smoking gradually. On expiration of this period no licenses will be issued.

"8. Unlicensed smugglers and opium smokers without licenses after September are to be considered as illegal and will be brought before military courts after the Military Affairs Commission is informed.

"9. During the period when the smokers' licenses are obtainable on application, smokers who desire to stop smoking may be sent to hospital free of charge.

"10. Revenues received from the issuance of licenses and fines paid by the offenders are to be set aside to finance opium suppression works and reconstruction projects in accordance with decisions of the provincial government.

"11. The provincial government must at close intervals dispatch members of the provincial government council who are determined to stamp out opium smoking to inspect and assist in the opium suppression work.

In a separate set of regulations, opium-smoking officials of the Kuomintang organizations, government offices and military service and students and members of faculties of schools in Kiangsu are required to immediately register themselves with the authorities and stop the habits within limited period ranging from one to two months.

Mere Camouflage

National Anti-Opium Association officials declare that measures Nos. 7 and 8 are the underlying factors on the basis of which they consider the "opium suppression" measures as mere enforcement of opium monopoly. While some of the measures are designed to stop the growing popularity of red and white pills, made with derivatives of morphine, coccaine and heroine in the interior cities, the other measures are mere camouflage.

No time limit is set for the prohibition of smoking by licensed smokers, they point out.

The regulations enforced by the Kiangsu provincial authorities do not affect Greater Shanghai, which is a special municipality under the direct control of the Executive Yuan.

The Shanghai *Hsien* Government, which has control of the area adjoining the Greater Shanghai Municipalty, is required to comply with the provincial regulations.

Survey Is Ordered

Magistrate Pan Tsung-chia has ordered an immediate survey of the opium-smoking population for their registration between June 1 and August 31.

The district opium suppression committee will be organized early next month with Mr. Pan and Hsu Yu-yen, commissioner of the Public Safety Bureau, and a few members of the gentry as members.

Civilian leaders in various villages and towns under the jurisdiction of the Shanghai *hsien* government, according to another report in the *Evening Post* on May 27, have received orders from Magistrate Pan to report before June 30 a complete list of opium addicts.

All opium addicts are required to register with the district opium suppression committees between June 1 and August 31, according to the regulations. They will be given licenses to smoke opium which is to be supplied by shops authorized by the provincial government.

The Kiangsu Opium Suppression Committee was officially formed on May 30 under the chairmanship of Yu Ching-tang, Commissioner of Civil Affairs for Kiangsu, according to a *China Times* telegram from Chinkiang on May 31.

University of Nanking Wins Inter-Collegiate Debate

The University of Nanking won the finals of the East China Inter-Collegiate Oratorical and Debating Association held in Nanking May 26. Debating teams representing the University of Shanghai and the University of Nanking met in Sage Hall and debated the question "Resolved: That an individual dictatorship is the form of government best suited to China's present needs." The University of Shanghai had the affirmative and was represented by Miss Tang Yueh Ming, Ling Chi Hui and Ma An Gwok. The University of Nanking upheld the negative, the team being composed of Wang Pan Chieh, Ho Chang Ching and Tsai Wei Ping. The judges were: Han Li Wu, Executive Secretary of the Board of Trustees of the British Indemnity Fund; Hsu Mo, Vice-Minister of Foreign Affairs; Li Shen Wu, Head of the Bureau of General Affairs, Department of Foreign Affairs; Willys R. Peck, American Consul-General at Nanking; Pen Shou Pei, Head of the Bureau of Political Affairs, Executive Yuan. The decision of the judges was unanimously in favor of the negative. Prizes had been presented for the winners by General Chiang Kai-shek; H. H. Kung, Minister of Finance; Wang Shih Chieh, Minister of Education; Chen Kung Po, Minister of Industry, and several others.

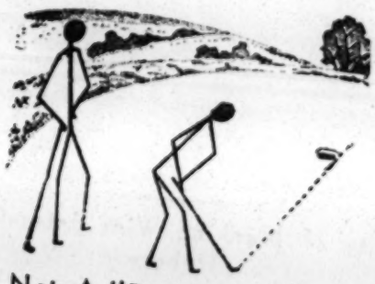
China's Trade Improves, but Highly Unfavorable Balance Continues

According to the Bureau of Foreign Trade of the Ministry of Industry, China's foreign trade has improved since April this year, but still shows a decline as compared with the same period of last year. The total imports for April amount to $100,960,369 while the total exports are valued at $41,123,563, thus leaving an unfavorable balance of $59,836,806. The imports and exports show an increase of $1,532,354 and $1,008,142 respectively as compared with the previous month. The unfavorable balance for the past four months of this year has already reached the total of $218,555,681, but the figure shows a decrease of 30.15% as compared with the same period of last year.

Dr. Robert T. Huang Discusses Jurisprudence in China To-day

Dr. Robert T. Huang delivered an address on "The Development of Chinese Administrative Law and Tribunals" before the Rotary Club in Shanghai May 24, in the course of which he asserted that while many criticisms had been levelled at Chinese laws and administration of justice, one could not fail to observe what immense strides had been made by China in recent years, both in developing her laws, and in her judicial system. "For instance" said Dr. Huang "in making government functionaries liable for injuries to private individuals, and in subjecting administrative controversies to administrative tribunals, China has gone a long way in perfecting both systems—administrative and judicial. The old maxim that 'the king—in this case China—can do no wrong, and is immune from legal proceedings' has long ago gone by the board, so far as China is concerned."

Other points brought out by Dr. Huang were: Administrative jurisprudence, in the modern sense, in China began some twenty years ago. The first set of regulations providing for adjudication of administrative cases were promulgated in the 3rd year of the Chinese Republic (1914), under which a high Administrative Court, called "Ping Chen Yuan" functioned as the Court of Final Appeal, and remained so until the seat of the National Government was transferred to Nanking, when a new set of Regulations, superseding the former, was promulgated, providing for an administrative Court called "Hsing Chen Fa Yuen." This latter has jurisdiction over all administrative cases in China, and functions as the Court of Final Appeal. The personnel of same consists of a President—who not only manages the affairs of the Court, but also serves as the Chief Judge of one of the several branches of the Court—and the court secretaries. Each branch is composed of five administrative judges, the qualifications of whom are that they must have served as public officers of the second rank of the National Government for more than two years. In other words, they must be trained and experienced in public administration they must be over thirty years of age, and, furthermore, two of the five judges must have had experience previously as judges of ordinary courts i.e. they must be trained in ordinary private jurisprudence.



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The National City Bank of New York, Rates of Exchange

Shanghai, May 30, 1934

Demand selling rate on America:	U.S.$100=Sh. $ 3.04
Demand buying rate on America:	U.S.$100=Sh. $ 3.01
Demand selling rate on London:	£1.0.0=Sh. $15.48
Demand rate buying on London:	£1.0.0=Sh. $15.24

Latest New York Stock Exchange Quotations

Market—Steady

Business Done 330,000 Shares

May 30, 1934

1933-34 High	1933-34 Low	Div. $ per Sh.	STOCK	Mon. May. 28	Tue. May 29
13⅝	3	—	Adams Express	8⅜	8
33	11¼	0.60	Alaska Juneau	20⅛	19⅝
160	70⅝	6.00	Allied Chemical & Dye	134¼	134
107⅛	19½	4.00	American Can	94⅝	94⅞
19⅝	5⅞	—	American & Foreign Power	8¼	8⅜
27¼	3½	—	American Metal Company	23½	23¼
53⅛	10⅜	—	American Smelting	39⅝	39
124⅝	86½	9.00	American Tel. & Tel.	114¼	114½
94⅜	50⅝	5.00	American Tobacco "B"	72	71¾
48¼	10⅞	1.00	American Waterworks	19	Unq.
22⅞	5	—	Anaconda Copper	14⅝	14⅝
18⅞	5⅜	—	Atlas Corporation	11½	11⅜
84¼	31	2.00	Auburn Automobiles	35⅝	35¼
37⅞	8¼	—	Baltimore & Ohio	23⅞	23⅝
49½	10½	—	Bethlehem Steel	34⅝	33½
37⅝	18	1.60	Borden Company	25⅛	24⅝
28½	5½	0.25	Borg Warner	23½	22⅝
20⅞	7¼	—	Canadian Pacific Railway	15⅝	15⅝
103½	30½	—	Case, J. I.	52⅜	52½
47⅞	16⅝	1.40	Chase National Bank	27½	27¼
52⅛	14⅞	2.50	Chesapeake Corporation	44	43½
59	7⅜	1.00	Chrysler Corporation	40⅜	40⅜
28⅛	9	0.50	Columbia Gas & Electric	13	13
6⅞	1⅜	—	Commonwealth & Southern	2¼	2¼
64½	34⅜	3.00	Consolidated Gas of N. Y.	33	32⅝
22⅛	4⅞	—	Continental Oil	20¼	20
9	2⅝	—	Coty Inc.	5⅝	5⅝
5⅛	1½	—	Curtiss Wright Company	3⅜	3⅜
102⅝	32⅛	*2.00	Du Pont de Nemours	86⅛	85½
96½	46	3.00	Eastman Kodak	96½	96½
41⅝	10	—	Electric Bond & Share	14⅝	14⅝
15⅞	3⅛	—	Electric Power & Light	6	5⅞
19	12	—	Fox Film "A"	15	14⅝
10⅜	2⅞	—	General Aviation	4⅝	4½
30¼	10½	0.40	General Electric	20	20¼
39⅞	21	1.50	General Foods	31⅞	32⅛
41½	10	*1.00	General Motors	33	32⅝
49½	13¼	1.00	General Railway Signal	Unq.	33
27⅝	12	1.20	Gold Dust	19⅛	19½
47½	9⅛	—	Goodyear Tire & Rubber	28⅝	28⅝
40	6⅝	—	International Cement	24⅛	24
46⅛	13⅝	0.60	International Harvester	32⅝	33
29	6⅝	—	International Nickel	26⅝	26½
21⅜	5⅛	—	International Tel. & Tel.	12½	12⅝
65½	21¼	—	Johns Manville	49	48⅝
26	7⅜	—	Kennecott	19⅝	19⅝
79⅜	37½	2.40	Lehman Corporation	Unq.	Unq.
99⅜	40½	*4.00	Liggett & Myers "B"	96	95
36½	8½	1.00	Loew's Inc.	31⅝	31⅞
25¼	10⅝	1.20	Lorillard P. (Com.)	17¼	17⅛
35⅝	8⅝	—	Montgomery Ward	26⅛	26
64⅛	16⅞	1.00	National City Banks (bid price)	27⅛	27¼
41⅝	5⅝	—	National Distiller	26	25½
58½	14	—	New York Central	28⅝	28⅝
36½	12⅜	80%S	North American	17⅛	17⅛
96⅝	31½	2.00	Owens Illionois Glass	74⅜	74
31⅞	15	1.00	Pacific Gas & Electric	17¼	17
6⅞	1⅜	—	Packard Motors	4	4
42½	12⅜	0.50	Pennsylvania Railroad	30⅝	30⅛
6⅜	1⅛	—	Pennroad Corporation	2⅝	2⅝
20⅜	4⅜	—	Phillips Petroleum	18⅝	17⅝
12¼	3	—	Radio Corporation	7⅜	7½
54¼	26½	3.00	Reynolds Tobacco "B"	44¼	43⅝
50⅞	12½	—	Sears Roebuck	43	42⅝
19½	6	1.00	Socony-Vacuum Corporation	15⅝	15⅝
28	14¼	2.00	Southern California Edison	16⅝	16⅝
22½	5½	—	Standard Gas & Electric	10⅝	10⅛
49⅝	22⅝	1.00	Standard Oil Co. of N. J.	43	43
60⅞	46	3.80	Sterling Products	59½	58⅝
9	1½	—	Studebaker	5	5
30⅛	10⅝	1.00	Texas Corporation	24¼	24½
9⅜	2⅝	0.12	Transamerica	7¼	6½
51⅞	19¾	1.00	Union Carbide & Carbon	40½	40½
133⅜	61¼	6.00	UnionPacific	125	123½
46⅜	16½	—	United Aircraft & Trans.	22¼	21⅝
14¼	4½	—	United Corporation	5⅝	5⅝
25	14	1.20	United Gas Improvement	16	15⅝
25	2⅞	—	U. S. Rubber	19¼	18⅝
67⅛	23⅝	—	U. S. Steel	41⅝	41⅛
51½	21½	*2.00	Universal Leaf Tobacco	46½	46½
28⅝	7⅝	—	Vanadium	20⅝	20¼
9⅛	1	—	Warner Bros. Pictures	6	5⅝
58⅜	19⅜	—	Westinghouse E. & M.	34⅞	34½
54⅞	25⅛	2.40	Woolworth	49⅝	50¼
			PREFERREDSTOCKS AND BONDS		
44⅞	7⅛	none	American & Foreign Power 7% Pfd.	20½	Unq.
58½	23⅝	5.00	Amer. & For. Power 5% debs. of 2030	54½	54
80	35	6.00	American Waterworks $6 preferred	Unq.	Unq.
48	25	5.50	Cities Service Power & Light 5½s/52	44½	44
66	25	6.00	Electric Bond & Share $6 preferred	Unq.	47½
72¾	20⅛	4.50	Int. Tel. & Tel. conv. 4½s of 1939	66½	66½
65	34	5.00	New England Gas & Electric 5s 1947	55⅝	55½
85	35	6.00	Standard Gas & Elec. 6% notes 1935	81½	Unq.

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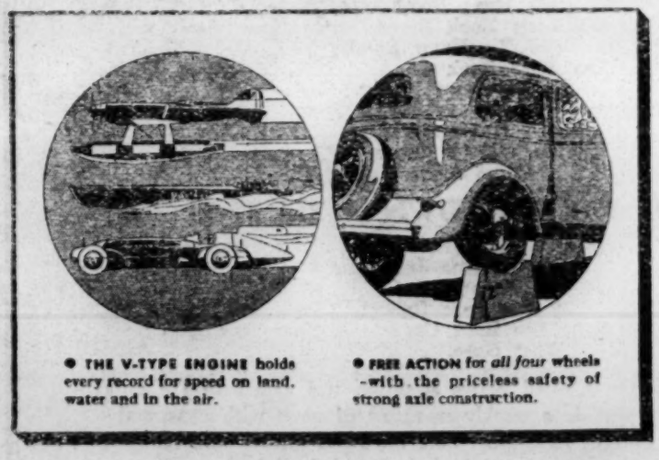
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